Austria	Sch24	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.700	Iran	Rls210	Philippines	Pso40
Belgium	BFr55	Israel	Shk3.50	Poland	Zl 9,000
Cyprus	C£0.90	Italy	L2000	Portugal	Esc165
Denmark	DKr12.00	Jordan	JD1	Qatar	QR8.00
Egypt	E£3.25	Kuwait	Fils.500	S.Arabia	SR7.00
Finland	FM9.50	Lebanon	L£400.00	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta185
Germany	DM2.80	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.60
Hong Kong	HK$12	Neth	Fl 3.25	Thailand	Bht60
Hungary	Ft107	Nigeria	Naira10	Tunisia	Din0.900
Iceland	ISKr165	Norway	NKr12.00	Turkey	L2000
India	Rs18	Oman	OR1	UAE	Dh7.00

FT No. 31,260

© THE FINANCIAL TIMES LIMITED 1990

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Tuesday September 25 1990

D 8523A

SOCCER
Business pitches in
Page 16

World News

Brussels set for clash with airlines over airport slots

The European Commission is heading for a clash with the European airline industry over its plans to introduce rules on the allocation of take-off and landing slots at congested EC airports. Under the proposals, large European airlines would be forced to hand over slots to their smaller competitors. Page 18

Soviets warn Iraq

Edward Shevardnadze, the Soviet foreign minister, warned Iraq that any attack by its forces on Middle East oilfields or Israel would unleash a war and bring disaster.

Liberia election call

Liberian rebel leader Charles Taylor is planning a general election for October 10 in the war-torn West African country. Page 6

Mobile workforce

Between 1m and 3m Soviet citizens will move to western Europe each year from 1991 to find jobs, Belgian labour minister Luc Van den Brande predicted.

Mandela trial date

Natal magistrates ordered Winnie Mandela to stand trial with seven others in Johannesburg on February 4 charged with kidnap and assault. Page 5

Israel expels Arabs

Israeli soldiers ordered 20 Palestinians in Bureij refugee camp out and told them their homes would be demolished as punishment following an incident last Thursday when an Israeli reservist was stoned and burned to death.

Zambia reforms

Zambian president Kenneth Kaunda called for the cancellation of a planned referendum on bringing back multi-party rule, and promised constitutional changes paving the way for elections. Page 5

Cambodia talks

Prince Norodom Sihanouk will fly to Bangkok tomorrow to chair a meeting of all four Cambodian factions if the warring groups can agree on details of how the talks should go, Thai Foreign Ministry sources said.

Ceasefire ends

Philippine communist guerrillas ended a ceasefire with President Corazon Aquino's government. Page 5

Costly clean-up

A United Nations study said it would cost $30bn to clean up pollution in the Mediterranean sea.

New Bhutto charge

Former Pakistan prime minister Benazir Bhutto was ordered to stand trial on a second corruption charge, the state-run news agency said.

Jackson in Montreal

US politician Jesse Jackson arrived in Montreal at the invitation of Mohawk Indians hoping to end a 75-day deadlock with the Canadian authorities.

Vietnamese return

The United Nations High Commission for Refugees hopes the first batch of "non-volunteer" boat people will be returned to Vietnam from Hong Kong by the end of next month. Page 5

Sandinista protest

A campaign of civil disobedience against the Nicaraguan government's austerity programme was launched at the weekend by the opposition Sandinista party and affiliated trade unions. Page 9

Flower power

Bulgaria's former communists have thrown away the traditional red star and adopted an elegant red rose as their new Socialist Party symbol. Page 7

Business Summary

Continental rejects Pirelli takeover bid as 'hostile'

Continental, West German tyre company, has rejected what it called the "hostile" takeover attempt by Pirelli of Italy, but said it was ready to talk about a possible deal on different terms. Page 19

AUSTRALIA'S Labor government has won the backing to inject private capital into the telecommunications and aviation industries. Page 18

EUROPEAN Commission is heading for a clash with European airline industry over plans to introduce rules on the allocation of take-off and landing slots at congested EC airports. Page 18

BARCLAYS, largest UK bank, and BankAmerica, are joining forces in international travellers cheques market. Page 19

BRIERLEY Investments, New Zealand company, has launched cash bid for Mount Charlotte Investments, valuing the UK hotels group at £644m ($1.16bn). Page 19

SOVIET Union: More than 100 large-scale metal enterprises would fold without subsidies in a market system, leaders of the metallurgical industry warned. Page 7

GERALD Ronson, chairman of the Heron Group jailed for one year and fined £5m ($9.4m) for his part in illegal share support operation, is to appeal against both his conviction and sentence. Page 18

PRUDENTIAL Corporation, UK's life insurer, is to sell Belgian general insurance subsidiary, Compagnie d'Assurance de l'Escaut, to French insurer Assurances Générales de France (AGF) for BFr9.4bn ($295.2m). Page 19

TAIWAN expects economic growth rate to fall to about 4.5 per cent this year – far lower than expected. Page 5

STERLING should enter the exchange rate mechanism of the European monetary system "as soon as possible", Pierre Bérégovoy, France's finance minister, said. Page 8

POLLY Peck's board is drafting a detailed statement about its affairs in an attempt to satisfy its lawyers and the Stock Exchange. Page 11

COATS VIYELLA, one of Europe's largest textile groups, has appointed Neville Bain from confectionary company Cadbury Schweppes, as group chief executive. Page 26

SHELL Oil's plan to build and jointly operate Thailand's fourth refinery – a Baht18bn ($706.9m) project – may be in doubt. Page 4

JOSE Maria Aristrain, Spanish steel producer, pulled out of agreement to sell company to a joint venture formed by Spain's Banco Espanol de Credito (Banesto) and British Steel. Page 19

SOVIET government has announced incentives to boost state purchases of grain, including special access to cars. Page 34

NEW Zealand Futures and Options Exchange, which plunged into crisis last year, is to revamp its membership and let a private body run its services. Page 25

NEWS Corp: Rupert Murdoch has threatened to move the headquarters of his global media and entertainment group outside Australia if it is not allowed to change its share structure.

PICK 'N Pay, South Africa's largest retail chain, increased profit in the six months to end-August. Page 22

CREDIT National Bank of France will take an Ecu2m ($2.61) nominal stake in a new Polish government development bank (PDB). Page 7

TOKYO markets: There was no trading on the Nikkei index because of a public holiday.

EC move to limit Japanese car imports under threat

By **Guy de Jonquières** in London and **David Buchan** in Brussels

THE European Community's efforts to negotiate restraints on Japanese car sales after 1992 are threatened by growing political disarray in the EC and by signs of further weakness in the European vehicle market.

Mr Martin Bangemann, the European industry commissioner, has said in private recently that the EC's internal divisions are so deep that it may prove impossible to conclude an agreement with Japan.

Failure to agree could jeopardise the planned single market in cars and prompt countries such as France and Italy to defy the commission by maintaining their national restrictions on Japanese car imports after 1992.

Officially, the commission says it still expects the issue to be resolved.

However, even optimists in Brussels admit it is proving much more difficult than feared and say decisive progress must be made in the next two months if a breakdown is to be avoided.

Britain, Portugal and Spain, as well as France and Italy, all limit Japanese car sales. Because these curbs impede free trade in the community, the commission is proposing to replace them with Japanese voluntary restraint arrangements covering the whole EC, which would last until the late 1990s.

The proposal has been approved in principle by EC governments and by Japan, though detailed provisions have still to be agreed. However, the already shaky consensus between the Twelve has been strained further by several recent developments. They include:

- Worsening relations between Brussels and Paris. Mrs Edith Cresson, France's European affairs minister, bitterly criticised the Commission last week and called on the EC to abandon its current approach to Japanese cars and start again from scratch.

Her outburst appears to have been triggered by Mr Bangemann's decision to exclude Mr Jacques Calvet, the ultra-protectionist chairman of Peugeot, from a high-level meeting this month attended by the heads of all the other European carmakers.

The snub to Mr Calvet seems a serious tactical blunder, which has further hardened France's anti-Japanese line. The French position is broadly supported by Italy and Spain.

- Carmakers' growing concern about the short-term market outlook, particularly in southern Europe, where sales are reported to be suffering from higher oil prices.

Industry worries have been deepened by Commission estimates that the proposed restraints would allow Japan's share of the EC market, including output from Japanese "transplants" in Europe, to rise from 10.4 per cent to almost 19 per cent.

In Britain which, with West Germany, takes a broadly liberal position in the EC debate, Japan's share would rise from 11 per cent to 29 per cent. In France, the Japanese share would increase from 3 per cent to 11 per cent.

The industry has accused the Commission of seeking to give away to the Japanese all the forecast growth in the European market. Daimler-Benz of West Germany is said to be the only European carmaker now unequivocally in favour of free trade.

- Disagreements in the Commission over how to manage the proposed restraints. Mr Bangemann wants Japan to give an informal undertaking that its carmakers will not flout the restraints simply by shipping cars from open EC markets to currently protected ones.

But Sir Leon Brittan, the competition commissioner, is demanding that any restrictions on trans-shipment be formally enshrined in EC legislation, which would require approval by the Council of Ministers.

That, however, would undermine the Commission's claim that it does not need the Council's authorisation to negotiate with Japan. It could also jeopardise the chances of concluding a deal by bringing into the open divisions between EC governments.

The Commission fears that unless it can break the threatened stalemate in the next two months, the issue risks becoming hopelessly entangled in the conclusion of the Gatt Uruguay Round of trade negotiations at the end of the year.

Though a senior official from the Japanese Ministry of International Trade and Industry is due to visit the Commission later this week, neither Brussels nor Tokyo expects much progress while internal EC disagreements persist.

Japanese diplomats in Brussels said the Gulf crisis had hardened protectionist tendencies among southern EC members. They claimed the Commission's external affairs division was taking a more strongly free-trade attitude than its industry directorate, which is under pressure from European car-makers.

World stock markets drop sharply

By **Janet Bush** in New York

WORLD stock markets dropped sharply yesterday amid worries about the slowdown in the global economy and the possibilities of war in the Gulf.

In London, the FTSE-100 index closed 35.2 down at 1,990.3, the lowest point since January 1989.

US financial markets fell below the lows reached in early August in the initial reaction to Iraq's invasion of Kuwait. The Dow Jones Industrial Average of blue chip stocks was 57.43 points lower at midsession at 2,454.95.

The Treasury's benchmark long bond fell ½ point to yield 9.16 per cent and the dollar remained under pressure, particularly against the D-Mark. It was quoted at DM1.5580 at midsession, more than two pfennigs below its opening highs.

The broad selling in US financial markets yesterday extended the weakness seen last week on increasing concern about the US economy.

Oil prices neared a 10-year high yesterday, with North Sea Brent breaching $40 a barrel, on fears of war in the Middle East.

On the New York Mercantile Exchange, November crude oil futures were quoted $3.30 a barrel higher at $38.78.

The price of oil reflects fears of war and is much higher than most analysts consider justified by the reduction in crude supplies caused by the embargo on Iraqi and Kuwaiti oil exports.

Cargoes of Brent oil for prompt delivery were quoted at $40.65 a barrel reflecting a steep premium for prompt supplies.
Page 18

Investors are becoming increasingly aware that there is little hope of a quick solution to the crisis in the Middle East, Ms Abby Joseph Cohen, chief equity strategist at Barclays de Zoete Wedd in New York, said. The US economy is sluggish on the best interpretation and in recession according to the worst, and inflation, even excluding the current oil shock, is rising.

The nervousness on Wall Street helped to induce gloom among traders in most European bourses. The Frankfurt market registered its lowest level since October while Madrid and Paris touched new lows for 1990.

In Britain, news of the £1.1bn ($2.1bn) UK current account deficit in August strengthened sterling, though it did not lift the stock market.

One more specific trigger for yesterday's decline was another jump in crude oil prices after Iraq's threat at the weekend to attack Middle Eastern oil installations.

US financial analysts also expressed considerable disappointment in the communique from the Group of Seven meeting in Washington which failed to mention any moves on strengthening the dollar or on co-ordinating interest rate cuts in the event of marked collective economic weakness because of the rise in crude oil prices.

There are also rising concerns over the US fiscal position, which looks increasingly disastrous.

The administration and congress continue to tussle over a package of budget deficit cuts which already look inadequate in the face of impending recession, the huge costs of the military commitment in the Gulf and the thrift bail-out.

The Gulf Crisis, Page 2; UK trade figures, Page 18; Lex, Page 18; Government Bonds, Currencies, Stock markets, Section II

Soviet President Mikhail Gorbachev pounds the table during an emotional speech to the Supreme Soviet yesterday

Gorbachev nearer market economy

By **Quentin Peel** in Moscow

SOVIET President Mikhail Gorbachev was yesterday granted the sweeping powers he was seeking to transform the Soviet Union into a market economy by decree.

The measure means he can bypass both the central government and elected soviets in implementing radical measures to introduce private property, price reform and budget cuts.

At the same time, he agreed to go along with yet another attempt to reconcile the differing reform programmes put forward by the Soviet government, headed by Mr Nikolai Ryzhkov, prime minister, and his own advisers, headed by Professor Stanislav Shatalin.

The compromise effort was approved by the Supreme Soviet of the USSR, in spite of the objections of both Professor Shatalin and Dr Leonid Abalkin, the deputy prime minister, both of whom insisted that their plans could not be merged.

It leaves it up to Mr Gorbachev to forge a single plan by October 15 for the approval of the union parliament.

However, the presidential
Continued on Page 18

IMF given go-ahead to assist countries hit by Gulf crisis

By **Peter Norman** in Washington

THE International Monetary Fund was yesterday given the go-ahead to adapt its lending programmes to assist those countries hardest hit by the Gulf crisis.

However, after meeting all day on Sunday and early yesterday morning, its policy-making Interim Committee rejected the establishment of any new pool of resources to help countries overcome the negative economic effects of the Iraqi invasion of Kuwait.

The Interim Committee of finance ministers and central bankers, which represents the entire IMF membership, also warned that any attempt to offset the effects of the oil price rise on industrial countries through subsidies or higher wages would end in pain.

Such action "would only serve to fuel inflationary expectations and require, at a later stage, tighter fiscal and monetary policies," it said.

In its communiqué, the committee set out the framework for the IMF to help member states as part of the international community's action on the economic front to supplement the military and diplomatic measures taken against Iraq. It should:

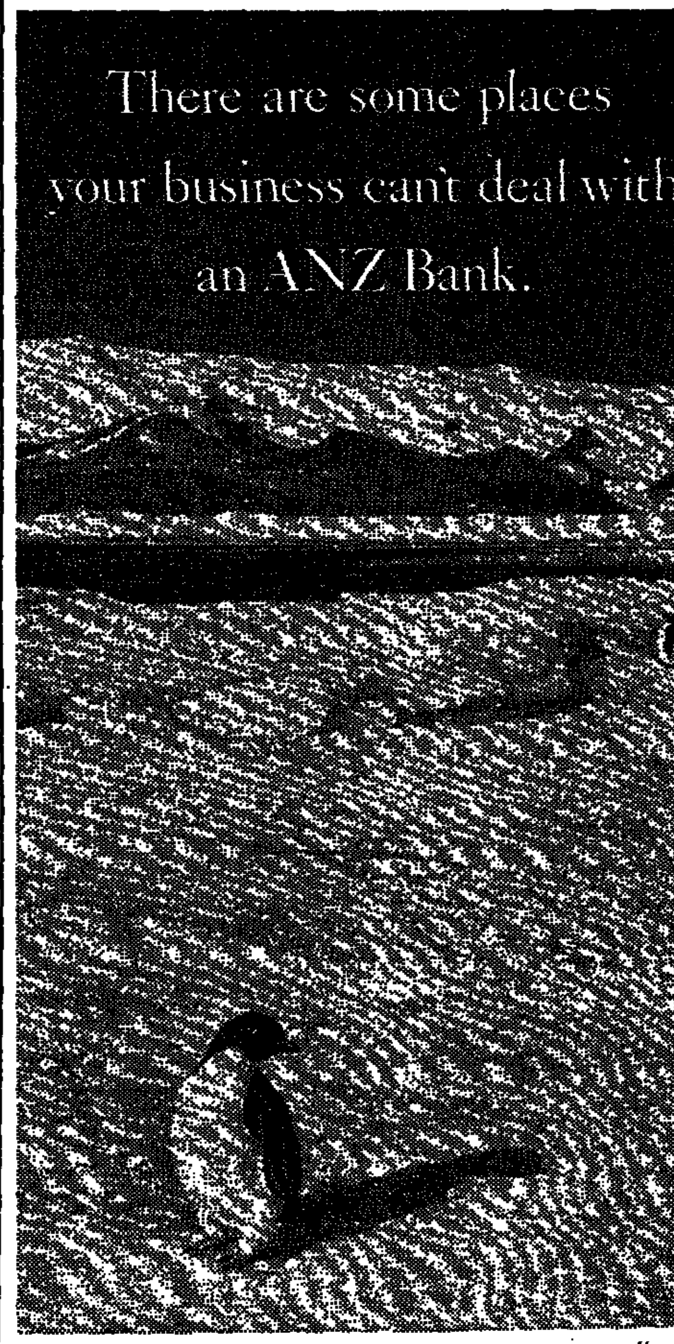
- Be prepared to give members greater access to existing lending facilities. These would include the borrowing rights conferred by membership subscriptions and existing special funds. Among these, the communiqué named the Compensatory and Contingency Financing Facility, which would help offset losses of export earnings for workers' remittances, and the Enhanced Structural Adjustment Facility which provides money to poor developing nations on easy terms.
- Make ready special plans to help about 20 poor countries which are too wealthy to receive IMF loans on concessional terms and yet will suffer heavily from the events in the Gulf. The way has now been cleared for the IMF's executive board to work further on the details of a plan put forward by Mr Michel Camdessus, the IMF managing director. This envisages taking a levy from the oil producing countries that benefit from the crisis to help other hard-pressed IMF members pay the interest on their borrowings from the Fund.

Mr Michael Wilson, the Canadian finance minister who chaired the meeting, said one of its objectives had been to generate a real sense of urgency in dealing with Gulf-related problems.

Mr Camdessus said that one of the main objectives of the meeting had been to avoid the mistakes of the 1970s. Then, the world engaged in a desperate attempt to avoid paying for the oil shock and the result was problems such as the international debt crisis which have persisted to this day.

Senior finance officials were yesterday attempting to reconcile widely differing figures on the immediate needs of the frontline states – Egypt, Turkey and Jordan – most affected by the Gulf crisis and on the amounts of assistance which have been offered.

Estimates of these states' needs vary from $9bn to $14bn over the next 15 months.
Details, Page 8



ANZ Banking Group has one of the world's largest international banking networks. So there are very few places we can't be found. And with ANZ Grindlays Bank, we're in over 48 countries, covering Australasia, South Asia and Asia Pacific, the Americas, Africa, the Middle East and Europe.

We have around 2,300 offices worldwide. So you'll even find us in markets other international banks ignore. Which means when you do business with ANZ you can be sure of dealing with the same bank at both ends of the transaction. Having the same financial people on either side doesn't just make for faster communication.

You also get more control and benefit from local bank contacts as well. When dealing internationally, it pays to do business through ANZ Bank and ANZ Grindlays. After all, the right network can make a world of difference to your business.

ANZ Worldwide

CONTENTS

The Gulf Crisis: Guest workers say their farewells to Saudi Arabia 2
World Trade: Chemical industry wakes up to the Uruguay Round 4
World airlines: Queueing up for a stake in Qantas in the Asia-Pacific race 5
Editorial Comment: *How not to create jobs;* Spain heading for crisis 16
Foreign Affairs: A failure of leadership in Japan 17
Survey: Computers and Software ....Section III
Management: *Harmonising EC exports* 30

Peruvians ill-equipped to absorb drastic 'stabilisation'

The economic team of newly elected President Alberto Fujimori has miscalculated, substantially overshooting on price adjustments and there are fears the consequent recession has *cut too deep.*
Page 8

Europe	7	Britain	10,11	Editorial Comment	16	Observer	16
Companies	21	Companies	28-29	Financial Futures	25	Stock Markets	35-46
America	8,9	Arts Guide + Reviews	14	Gold	34	-London	35-37
Companies	20	Commodities	34	Intl. Capital Markets	25	Technology	12
International	5	Crossword	42	Letters	17	Unit Trusts	38-41
Companies	22	Currencies & money	42	Lex	18	World Index	46
World Trade	4			Management	30		

MARKETS

STERLING
New York lunchtime:
$1.8815
London:
$1.8845 (1.8455)
DM2.935 (2.9125)
FFr9.8225 (9.745)
SFr2.4425 (2.4375)
Y256.25 (252.5)
£ index 93.4 (92.8)

GOLD
New York: Comex Dec
$408.3 (394.5)
London:
$396 (389.25)

N SEA OIL (Argus)
Brent 15-day Nov
$38.275 (34.825)

Chief price changes yesterday: Page 18

DOLLAR
New York lunchtime:
DM1.559
FFr5.219
SFr1.297
Y136.78
London:
DM1.5575 (1.5775)
FFr5.2125 (5.28)
SFr1.2965 (1.3215)
Y136.0 (136.9)
$ index 62.3 (62.9)

US lunchtime rates
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 7.58%
Long Bond:
85$\frac{25}{32}$
yield: 9.16%

STOCK INDICES
FT-SE 100:
1,990.3 (−35.2)
FT Ordinary:
1,510.4 (−26.9)
FT-A All-Share:
962.09 (−1.6%)
New York lunchtime:
DJ Ind. Av.
2,453.96 (−58.42)
S&P Comp
303.67 (−7.65)
Tokyo: Nikkei
Japanese markets were closed yesterday

LONDON MONEY
3-month interbank:
closing 14$\frac{15}{32}$ (same)
Life long gilt future:
Dec 82$\frac{27}{32}$ (82$\frac{31}{32}$)

CRISIS IN THE GULF

Old E German equipment included in Bonn's pledge

By David Marsh in Bonn

THE German government is to supply the US with DM740m (£250m) worth of equipment from the East German National People's Army, as part of the DM3.3bn Gulf aid package agreed with Washington 10 days ago.

This means that the US army could shortly be deploying East German and Soviet-made goods which until recently would have been earmarked for fighting Nato in any European conflict.

The revelations about the amount of East German goods in the package will certainly diminish its intended positive impact on the US congress.

Mr Hans Klein, the Bonn government spokesman, confirmed that roughly half of Bonn's total military and transport aid for the US would be made up of old stocks of the shortly-to-be-disbanded East German army. But he denied suggestions that the equipment would not be "modern". Mr Klein also said that Germany had not up to now discussed the supply of weaponry for the US-led Gulf forces.

The US is understood to be satisfied that the list of equipment offered to Mr James Baker, the secretary of state, when he visited Germany in mid-September contains useful East German military goods.

These include East German protective devices against chemical weapons, as well as engineering equipment such as bridge-building materials. The Bonn Defence Ministry could not confirm yesterday to what extent other material such as lorries and personnel carriers were on the lists.

"One of the positions of excellence of the Warsaw Pact is that it produces rugged and dependable equipment," said one official yesterday.

The Bonn government meanwhile admits that the DM3.3bn figure, agreed when Mr Baker visited Chancellor Helmut Kohl and Mr Hans-Dietrich Genscher, foreign minister, was partly inflated to influence US public opinion.

One Bonn minister said last week that the DM3.3bn was partly "optical", and admitted that it was boosted in several ways to leave Mr Baker with as positive an impression as possible. "We have learnt something from the Japanese," the minister commented wryly, referring to Tokyo's well-known penchant in recent years for maximising the "headline" figure of any international aid agreement.

Apart from the DM1.6bn military and transport component, DM420m is coming from Germany's contribution to EC aid for "front-line" states, while DM1.28bn reflects direct support for Egypt, Turkey, and Jordan.

The biggest single component is DM975m in aid for Egypt. Of this, DM775m had already been decided under West Germany's 1988, 1989 and 1990 budgets, a Bonn official said yesterday. The DM775m was up to now frozen, pending accord on Egypt's international debt rescheduling. "Unblocking" the amount due adds up to an additional flow of funds for Egypt, but weakens the "political signal" of the aid action, officials acknowledged yesterday.

Paris rejects Iraqi apology

By Ian Davidson in Paris

THE French government said yesterday that it would not be satisfied by Iraqi "excuses" for the forcible intrusion into the French ambassador's residence in Kuwait, and demanded the immediate liberation of all French and other foreign hostages.

Iraqi forces invaded the French residency on September 14 and removed four people, including the defence attaché, who was subsequently released. President François Mitterrand immediately responded with a decision to strengthen French forces in the Gulf, by sending 4,000 extra ground troops and a contingent of light AMX 10 armoured vehicles.

Yesterday the French Foreign Ministry said the government had received no official confirmation of the "excuses" published on Sunday by the Iraqi INA newsagency, which said the intrusion of Iraqi forces into the residence had been the result of a misunderstanding.

"But in any case," said the ministry, "France could not be satisfied [by the excuses], and expects the immediate liberation of the three people removed on that occasion, as well as the liberation of all hostages, French and foreign, unjustly held."

The ministry calculates that there are around 90 French citizens in Kuwait and 200 in Iraq; of this total, it estimates that about 60 are being held as hostages in strategically sensitive sites.

Mitterrand: more forces

Guest workers say their farewells to Saudi Arabia

Lara Marlowe reports on a labour force being reshaped by the Gulf crisis

EVERY morning the pavement outside the Dhahran International Hotel in Saudi Arabia is stacked high with unwieldy, heavily-taped cardboard boxes containing the possessions of departing Filipino workers.

Mindful of the fate of more than half a million Asians trapped in Iraq, Kuwait and Jordanian refugee camps and frightened by talk of chemical warfare, expatriate "guest workers" in Saudi Arabia continue to leave the country in their thousands. The Indian government refuses even to issue visas for new labourers to replace their fleeing compatriots in Saudi Arabia's Eastern Province.

The Gulf crisis is forcing Saudi Arabia to reassess its reliance on immigrant labour. Some 2.5m foreigners – at least a quarter of the population of Saudi Arabia – have for the past two decades provided most of the manual labour in the kingdom. The "guest worker" system has so permeated Gulf society that Kuwaiti refugees living in hotels in the Eastern Province have brought Sri Lankan and Filipino maids with them to mind their children. Cooks for Saudi Arabia's front line troops in the desert are Asian immigrants.

At Zamil Industries, a leading Saudi industrial group, 85 per cent of the 6,000 staff are foreign, mostly Indians and Filipinos. They work a six-day, 48-hour week – many of them as steel welders in stifling heat. Labour unions are illegal.

Until now, Saudi Arabia has encountered little difficulty in enticing foreign workers with salaries up to five times what poor immigrants could earn at home. Saudi officials say privately however that the Gulf crisis has already begun to reshape the labour force, with Asian workers leaving and new Yemeni, Jordanian, Sudanese and Palestinian workers being refused entry because of their leaders' support for President Saddam Hussein of Iraq.

Many of the thousands of Egyptians who had such a bitter experience in Iraq are expected to join the new Saudi labour force. More Syrians will also find work in the kingdom, although Saudis remain wary of what they call the Syrians' "over-politicisation".

The Yemenis, Jordanians, Sudanese and Palestinians who remained find that life is growing more difficult. "We can't trust them any more," a Saudi official said. "Those who leave won't be allowed to return. Although our government denies it, we are looking for reasons to deport them. They are watched by the police and they are being very careful."

On September 19, the Saudi Interior Ministry announced new measures obliging Yemenis, who have hitherto been exempt, to obtain visas and secure Saudi sponsors before coming to work in the kingdom.

The ability to control workers' movements has been central to the Saudis' importation of foreign labour. Immigrants are given single-entry visas and their passports are usually held by their employers during their stay to stop them moving to better jobs or leaving the country on short notice. Some labourers, eager to leave because of the Gulf crisis, have had difficulty obtaining exit visas or repatriating savings in Saudi riyals.

The Saudi government has for more than a decade attempted to "Saudi-ise" the country's labour, but with limited success. Saudis refuse to work for the low salaries that Asians and poor Arabs accept and will not perform menial tasks currently undertaken by Sri Lankans and Bangladeshis.

While Saudis will never become janitors or ditch-diggers, the government hopes that more of its citizens will take low-level clerical positions.

For the poorest of the remaining foreign workers, life in Saudi Arabia is a joyless, if remunerative, experience. Luis, a Filipino driver, is supporting 10 members of his family, who live in Manila.

"I work 12-hour days and then I go home to a room that I share with nine Filipino men," he says. "We get on each other's nerves and sometimes there are fist-fights. There is nothing to do for entertainment."

Many of Saudi Arabia's expatriate workers are political exiles or refugees from civil wars in Lebanon, Kashmir, southern Sudan and Sri Lanka.

Mohammed, a hotel receptionist, fled Pakistan eight years ago, pursued by the government for his activities in the Moslem League. "The first year, I thought I was going to die of loneliness and boredom," he says. "After that, you get numb. I don't even think about home any more."

Separation from their families and fear of war are the most common complaints among Saudi Arabia's poorer "guest workers". Makboul, a Pakistani, sees his family only once every two years: "My children go to the English school in Islamabad. I cannot afford to keep them here."

"If a married couple comes to Saudi Arabia, the woman can't always get a job," Luis says. "I have a friend who brought his wife and she wanted to work. She came under her maiden name. They have to live in separate compounds. They cannot be together. They cannot sleep together. All they can do is meet for lunch in a café."

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Seoul promises $220m in aid over two years

By John Ridding in Seoul

SOUTH Korea will provide aid and support worth $220m (£117m) over two years to the international effort in the Gulf, the foreign ministry announced yesterday.

Mr Yoo Chong Ha, vice foreign minister, said that $50m in cash and $70m in materials and services would be given to the multinational forces in the Gulf and $100m in aid and supplies would be given to Egypt, Jordan and Turkey, which face economic difficulties because of the dispute.

According to Yonhap, the official news agency, the measures fell short of a US request for $350m in support of the international effort in the Gulf. But the US embassy in Seoul welcomed yesterday's announcement.

Mr Yoo, quoted by Yonhap, said: "We know that the US congress and media have contended that Korea despatch at least a brigade-level unit to the Gulf, but the US administration shared the view that it is undesirable for Korea to bring change in the military balance on the Korean peninsula."

The materials and services which South Korea will provide include gas masks, uniforms, tents and the use of cargo aircraft and ships. The economic assistance to the front-line states includes $40m in long-term, low-interest loans, 30,000 tons of rice and $50m for assistance to refugees.

According to Mr Yoo, the decision to contribute aid reflected South Korea's opposition to Iraq's use of "illegal aggression" and its desire for a restoration of oil price stability. South Korea imports all of its oil and 75 per cent of its other imports come from the Middle East.

Assad extends Tehran visit

By Tony Walker in Cairo

PRESIDENT Hafez al-Assad of Syria has extended his visit to Tehran, prompting speculation that he is making progress in his efforts to persuade Iran to take a harder line against Iraq in the Gulf crisis.

News that Mr Assad's visit was being extended coincided with reports that Iran had arrested 29 people seeking to smuggle food across its border into Iraq. Two groups of smugglers have been handed over to a revolutionary court in the Kurdish city of Sanandaj near the Iraqi border.

Iran said Mr Assad would spend more time in Tehran "because of the importance of the issues under discussion and the need to complete consultations".

Western officials said it was significant that the Assad visit had been extended and this could be read as a positive sign. The Syrian leader seems certain to be arguing strongly that Tehran should co-operate in efforts to tighten the noose around Iraq.

While Iran has said it supports UN sanctions, it has made equivocal statements about continuing to supply food and medicine on humanitarian grounds. Mr Assad, who held 4½ hours of talks in Damascus this month with Mr James Baker, the US secretary of state, may also be seeking to encourage Iran to further reduce its international isolation.

There have been faltering signs of Iran reaching out to the west and to the moderate Arabs among its neighbours, such as Saudi Arabia and Egypt. Syria's ruler, in his efforts to further isolate his arch-rival President Saddam Hussein, is likely to have encouraged this trend.

Other topics that are certain to have been discussed in some detail over the past three days are Lebanon, the Arab-Israel dispute, and regional security once the Gulf crisis ends. Iranian leaders have spoken out strongly against the presence of foreign forces in the Gulf, fearing that the US intends to maintain a permanent presence in the region.

Mr Assad has argued that once Iraq withdraws from Kuwait, there will no longer be a pretext for foreign troops to stay.

Mr Assad's visit to Tehran is his first since the 1979 revolution that swept Ayatollah Ruhollah Khomeini to power after the downfall of the Shah. Syria was the only Arab state to support Iran during the protracted Gulf conflict that ended in an August 1988 cease-fire. Iran, because of its 750-mile border with Iraq, could help its neighbour circumvent the UN embargo on all trade.

In a further sign that Iran is becoming less isolated in the region, Tunis announced yesterday that it was re-establishing relations, severed in 1987.

FT

FINANCIAL TIMES CONFERENCES

PRODUCT STRATEGIES FOR THE 90s

The Role of Design & Development in the TRIAD Countries

London, 15 & 16 October, 1990

Topics to be Addressed:

* The Growth of International Competition and the Importance of Effective Product Development Management
* Industrial Design as a Source of New Product Ideas
* Product Development and an Effective Interface with Design and Marketing
* Managing Product Development Against Time Pressures
* Turning Market Research into a Product Development, Marketing, Branding and Merchandising Strategy

Speakers include:

Professor Takahiro Fujimoto
Faculty of Economics, University of Tokyo

Mr Arnold S Wasserman
Unisys Corporation

Mr Aki Amanuma
Sony Corporation

Mr Bill Moggridge
Moggridge Associates

Mr Lawrence P Cabrinety
Digital Equipment Corporation

Mr Gary Rado
Texas Instruments

Dr Thomas H Thomsen
Braun AG

Mr Derek Fawcett
Nautech Limited

The conference, arranged in association with the Design Management Institute of Boston, will coincide with the London opening of an exhibition on 'Designing for Product Success' at the Design Council.

PRODUCT STRATEGIES FOR THE 90s

☐ Please send me further details.

FT FINANCIAL TIMES CONFERENCES

Financial Times Conference Organisation
126 Jermyn Street, London SW1Y 4UJ
Tel: 071-925 2323. Tlx: 27347 FTCONF G. Fax: 071-925 2125

Name ____
Title ____
Company/Organisation ____
Address ____
____ Post Code ____
Tel ____ Tlx ____ Fax ____
Type of Business ____

BUSINESS WANTED

BUSINESSES WANTED!

We are retained advisers for a client in each of the following sectors to find relevant businesses to acquire, where the management team will remain in place.

- business to business services
- distribution
- food products
- importers of building products
- light engineering
- printing & publishing

If your business has pre-tax profits of between £0.25 million and £3 million, please contact Tim Lyle or Mark O'Hara on 071-388 7000 for a preliminary talk in complete confidence.

LIVINGSTONE FISHER
The Acquisition and Disposal Specialists
Acre House, 11-15 William Road, London NW1 3ER
A member of FIMBRA

A major Service Company which has embarked on a significant expansion programme is looking to acquire a Manpower/Placement business in the North East (preferably Teeside/Tyneside based).

Companies which would be of interest would probably be involved with the Construction, Shipbuilding and Offshore Oil industries, and will possess a good management team with a proven track record in this type of business. The type of labour supplied could cover craftsmen through to graduate engineers and secretarial staff.

Please write Box F9999, Financial Times, One Southwark Bridge, London SE1 9HL

WANTED COLOUR PRINTER

Successful short run colour printer, with large national sales base, seeks acquisition/merger with sheet fed colour printer in the Midlands area. Turnover requirements are between £2 million and £8 million.

All replies treated in strictest confidence. Please write to Box H7308, Financial Times, One Southwark Bridge, London SE1 9HL

RESIDENTIAL DEVELOPMENT COMPANY REQUIRED

Halliwell Landau are retained by a client with substantial funds to purchase a residential development company with land bank and work in progress in the NORTH WEST AND SOUTH OF ENGLAND

Reply in strictest confidence to:
I.A. Craig Esq., Partner,
Halliwell Landau, St James's Court,
Brown Street, Manchester M2 2JF.
Tel: (061) 835 3003 Fax: (061) 835 2994.

INFORMATION TECHNOLOGY

Quoted company seeks immediate acquisition opportunities, prospects with profits above £100,000 in the IT and related industry.

Write to Box H7302
Financial Times,
One Southwark Bridge
London SE1 9HL

EXHIBITIONS/CONFERENCES

Acquisitive company wishes to buy established exhibitions and/or conferences.

Contact in complete confidence
Vivian Ashworth, Chairman,
EXPO INTERNATIONAL,
402 Southbank House,
London SE1 7SJ.
Tel 071 582 9116/Fax 071582 4272

AEROSPACE DISTRIBUTION

PRIVATE COMPANY WISHES TO EXPAND BY ACQUIRING FRANCHISED DISTRIBUTOR IN AEROSPACE OR DEFENCE RELATED DISTRIBUTION INDUSTRY. TURNOVER RANGE £2-10 m.

Please write to box H7310, Financial Times, One Southwark Bridge, London SE1 9HL.

COLOUR PRINTER WANTED

London or home counties. Turnover £800,000 or more.

Write with brief details to Box H7325, Financial Times, One Sothwark Bridge, London SE1 9HL

PLC WANTED

IMMEDIATE CASH AVAILABLE. APPLY IN STRICTEST CONFIDENCE TO:

SHURGEEL DEEN ESQ
PRINCIPAL EXECUTIVE
ECONOLUX KITCHENS
28 TATHAM STREET
SUNDERLAND
TYNE AND WEAR SR1 2RU

ACQUISITIONS SOUGHT BY QUOTED COMPANY

We will act swiftly to purchase profitable service businesses for cash or shares. Telephone Charles Mitchell on 081-780 2473 or write to:

Corporate One Limited
Riverside House
1A The Embankment
London SW15 1LB

Creditors pressing? Gloomy about the future? Want to retire?

We are a Northern based private company with substantial funds available for acquisition or mergers of all or part of large and medium sized private and public companies.

- Any business/industry considered
- Anywhere in the UK
- Minimum turnover £1M
- 100% or part sale only
- Immediate response and decisions

Write to or telephone John Rudd, Abingway PLC, Greengates House, Harrogate Road, BRADFORD – 0274 622622 (Principals only, please)

ACCOUNTANCY PRACTICE BLOCK OF FEES WANTED

On behalf of a Central London firm of Chartered Accountants we would like to hear from practices who are considering disposing of a block of fees up to £1M. Enquiries will be treated in strict confidence and early meetings arranged.

For further information please contact Richard Hartley FCA on 021 454 9688 or write to Hartley Management Resources, 36/38 Whitefriars Street, London, EC4Y 8BH

TAX LIABILITIES

We will normally pay a substantial premium for near dormant companies with tax liabilities over £1m

Fax +41 21 825 1019 Tlx: (GB) 94011111 BANK G.

CRISIS IN THE GULF

Oil supplies 'adequate' as Opec boosts production

By Steven Butler

OIL supplies to the industrialised countries look adequate following a surge in production from members of the Organisation of Petroleum Exporting Countries, according to a senior official at the International Energy Agency, which is responsible for co-ordinating the response to an oil supply crisis for 21 industrialised countries.

As a result, the governing board of the IEA is not expected to adopt emergency measures, such as releasing government oil stocks or introducing demand restraint measures, in response to the Gulf crisis when it meets in Paris on Friday.

The agency estimates that Opec production in September will average 22m barrels a day, hundreds of thousands of barrels a day higher than had been expected.

Opec production is thought likely to average 22.2m b/d in the fourth quarter, putting the cartel's output close to the 22.5m b/d production ceiling agreed at a meeting in late July.

The official said that the surge in production had already led increased supplies in consumer countries.

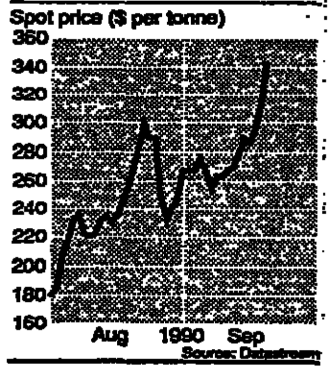
The official warned, however, that the supply situation could be tight through the winter, particularly in the supply of refined products.

"We're in a manageable crude situation. As we go into the winter, the possibility of severe weather or industrial accidents [in refineries or oil production facilities] will increase our susceptibility to regional supply problems."

The IEA analysis also assumes there would be no further disruption to supplies, beyond the 4.3m b/d lost from Kuwait and Iraq, caused by a Middle East war that could affect Saudi exports.

Gas Oil

Spot price ($ per tonne)



Source: Datastream

"If that happens all bets are off," the official said. IEA said that while member countries were aware of arguments that governments should release stocks in order to calm markets, indications are they would prefer to wait in case a more severe supply crisis develops.

"It is a question of keeping your powder dry."

According to the IEA, oil *companies have refrained from* the stocking of oil that normally occurs in the third quarter. Commercial stocks are estimated to have have been steady in the quarter, compared to IEA estimates before the crisis that stocks would increase by 600,000 b/d during the period.

On the assumption that Opec production is maintained at 22.2m b/d in the first quarter of 1991, commercial oil stocks would decline to cover about 65 days of forward consumption by April 1. This assumes a commercial stock draw of 1.5m b/d in the fourth quarter, and a 1.3m b/d stock draw in the first quarter.

"This is relatively low, but we do not consider it abnormal or unmanageable," the official said.

This year, IEA members' stocks were equivalent to 70 days' forward consumption on April 1, compared with a figure of 67 days a year earlier.

The official said there was still some debate over whether the world's refining system could cope with the relatively heavy crudes which are replacing Iraqi and Kuwaiti exports.

Although industrialised countries had not yet experienced product shortages, developing countries in South Asia, along the Pacific Rim, and those in East Africa were having difficulties.

Hundreds of Philippine jeepney (minibus) drivers protested at petrol price rises yesterday in Manila, burning a rubber tyre and blocking many streets

Kuwait Petroleum to relaunch lubricants arm

By Steven Butler

KUWAIT Petroleum – undeterred by the Iraqi invasion of Kuwait – is preparing to relaunch its UK lubricants business next month, following a reorganisation and rebranding of the Carless Lubricants business which it acquired 14 months ago.

The relaunch is proceeding on schedule and managers at Kuwaiti Petroleum Lubricants (KPL) are keen to emphasise that the business has been unaffected by the Gulf crisis. Products are appearing with KPL labelling and the company is planning a series of seminars with customers to introduce the company's customer service policies.

Kuwait Petroleum International, a subsidiary of the Kuwait national oil company which owns and manages a big European refining and marketing business, bought the lubricants business from Kelt Energy for about £28m following Kelt's hostile takeover of Carless, Capel & Leonard. The business has about a four per cent share of the UK industrial and consumer lubricants market. It sell 35m litres of lubricants annually with a turnover of roughly £17m.

Mr Alan Tucker, KPL's managing director, says the company hopes to add a few points to its market share by focusing on the "quality" end of the market, where higher margins are justified by a higher level of service to customers.

Mr Neil Griffiths, marketing and sales manager, said: "Kuwait has actually brought customers to the business because Kuwait is perceived as a quality operation. People realise we are here to stay."

Mitterrand puts four-point peace plan

By Robert Mauthner and Michael Littlejohns in New York

NO compromise is possible in the Gulf crisis as long as Iraq does not comply with United Nations resolutions and withdraw its troops from Kuwait, said French President François Mitterrand in New York yesterday.

"The sovereignty of Kuwait is not negotiable any more than that of others," Mr Mitterrand said in a remarkably tough speech to the UN General Assembly on the first day of its general debate.

However, he tempered his remarks with a promise that, if Iraq withdrew its troops and freed its hostages, "everything is possible."

Mr Mitterrand was particularly critical of the attitude of President Saddam Hussein in dealing with the crisis. "Not one gesture, not one word thus far from the president of Iraq has given us even a glimmer of hope for conciliation," he said, emphasising that Mr Saddam had shown complete disregard for the UN, which had been created to preserve peace in the world.

The French president also expressed deep disgust at the use the Iraqi leader had made of hostages. "How can we accept that some of them were made to serve as human shields, for a conflict that is not their own?"

Clearly referring to reports that Iraq had apologised for the violation of the French ambassador's residence in Kuwait, Mr Mitterrand said that, if there had been a mistake, why was it proclaimed it so late?

Stressing that the choice was between the law of the jungle and that of the rule of international law, he nevertheless *refused to say that all hopes of a solution* were dead. "We are prepared to take up any chance for peace because our logic is the logic of peace against the logic of war, which has been imposed upon a terrified world by Iraqi policy."

Though the Arab world still had not overcome its divisions, Mr Mitterrand felt the efforts being made by Arab leaders continued to offer some prospect of a possible solution.

He sketched out a possible four-stage solution to the crisis. In the first instance, Iraq had to comply with the UN Security Council's resolutions and withdraw from Kuwait. The international community, which had condemned the aggression, would be able to guarantee the withdrawal of military forces and the restoration of Kuwait's sovereignty.

In this context, Mr Mitterrand emphasised that "the will of the Kuwaiti people" would also have to be taken into account, suggesting that some kind of referendum should be held in Kuwait.

The third stage would be an international conference, which would safeguard the implementation of any solution. However, Mr Mitterrand did not specify whether such a conference would be separate from the proposed Middle East conference to settle the Israeli-Arab dispute.

Finally, arms reductions should be negotiated for the whole Middle East region.

Mr Mitterrand said this implied direct dialogue among all concerned, until confrontation in the Middle East was replaced by *"the dynamics of good neighbourliness"*.

● Iraq yesterday rejected a US offer to let its foreign minister's official aircraft take him to New York for the UN General Assembly if Baghdad freed Americans held in Iraq, Reuter reports from Baghdad.

NEWS IN BRIEF

Saudi minister denies oil profits windfall

SAUDI Arabia is not making windfall gains from the rise in oil prices, its finance minister, Sheikh Mohammad Abalkhail, said yesterday, Stephen Fidler writes from Washington. He said the heavy financial costs associated with the "reprehensible" Iraqi invasion of Kuwait greatly exceeded additional revenues.

The costs, he said, related to defence requirements and those arising from human displacement and included assistance to countries affected by the crisis.

Saudi Arabia had increased oil production to its maximum capacity in an effort to bring back stability to oil prices and supplies. Much of the increased production was directed to countries whose supplies have been interrupted, he said.

Israel says 'sanctions biting'

The latest Iraqi threats to attack Middle East oil fields and Israel showed sanctions against Baghdad were starting to bite, Yitzhak Shamir, the prime minister, told parliament's Foreign Affairs and Defence Committee, Hugh Carnegy writes from Jerusalem.

But officials also expressed concern that President Saddam Hussein's readiness to carry out such threats had increased as a result.

Royal Navy uses landing ships

Four of the Royal Navy's five landing ships will be used in the transport of British tanks and other heavy equipment to Saudi Arabia, the Navy said yesterday, writes David White, Defence Correspondent.

However, negotiations were still going on with UK and foreign shipowners on the chartering of merchant vessels to carry the bulk of the British armoured force.

This will include most of the 120 Challenger tanks belonging to the 7th Armoured Brigade, based in northern Germany.

Iraqi exiled opposition unites

Iraqi opposition groups have shelved their differences to launch a united drive against Saddam Hussein, an Iraqi Shia Moslem opposition leader said yesterday, Reuter reports from Damascus.

Ayatollah Mohammed Taqi al-Mudarresi, of the Islamic Action Organisation in Iraq, said representatives of Islamic, Kurdish and Communist groups were meeting in Damascus to set up a government-in-exile.

Water pipeline for Kuwait

Iraq said yesterday it had completed a pipeline to supply part of Kuwait with drinking water from the Shatt al-Arab waterway, Reuter reports from Baghdad.

The government-controlled newspaper al-Jumhuriya said the 16-inch pipeline, stretching more than 60 miles, was laid in 25 days.

Taiwan to give $30m aid

Taiwan will give $30m (£16m) in humanitarian aid to Jordan, Turkey and Egypt for refugees stranded in the Gulf as a result of Iraq's invasion of Kuwait, Mr Fredrick Chien, the foreign minister, said yesterday, AP reports from Taipei.

Taiwan will decide whether to give the aid in cash or in food and supplies after consulting with the three nations.

Taiwan is not a member of the United Nations.

Caracas hits at arms spending

Venezuela's Foreign Ministry has issued a sharp criticism of military spending related to the Middle East crisis and asserted that it would not provide any military support to the international front against Iraq, writes Joe Mann in Caracas.

The investment...

...the return.

Independent trials prove it – Volvo trucks are leading the way in cutting fuel consumption and distribution costs for industry.

VOLVO

Call your local Volvo truck "investment analyst" today.

Aberdeen: Tel (0224) 781782. Avonmouth: Tel (0272) 823741. Ballyclare: Tel (096-03) 52827. Barrhead: Tel (041) 881 5851. Broxburn: Tel (0506) 856892. Carlisle: Tel (0228) 29262. Cleckheaton: Tel (0274) 851111. Darlington: Tel (0325) 355161. Kettering: Tel (0536) 516233. Leighton Buzzard: Tel (0525) 851851. Liverpool: Tel (051) 546 5291. London, Chingford: Tel (081) 529 8686. London, Feltham: Tel (07842) 43571. Maidstone: Tel (0622) 710811. Manchester: Tel (0204) 707227. Naas: Tel (045) 79881. Newcastle-under-Lyme: Tel (0782) 566400. Norwich: Tel (0603) 424266. Pontypridd: Tel (0443) 842216. Shrewsbury: Tel (0743) 236341. Southampton: Tel (0703) 663500. Walsall: Tel (0922) 720941. Cork: Tel (021) 880147. Wootton: Tel (04698) 431.

WORLD TRADE NEWS

Thai Cabinet delay may put new Shell refinery in doubt

By Paul Taylor, Asia Business Correspondent, in Bangkok

SHELL Oil's plan to build and jointly operate Thailand's fourth refinery – a Baht 18bn (£376m) project to meet growing demand – could be in doubt because of unexpected delays in final approval of the contract by the Thai cabinet.

Shell's wholly-owned Thai subsidiary, Shell Company of Thailand, won a bid battle with Caltex Oil of the US to build the 145,000 barrels-a-day (b/d) refinery at Mab Ta Phud on the eastern seaboard earlier this year.

The contract was sent to the cabinet for final approval over two months ago, but has yet to be signed.

Speculation is growing the government will seek to renegotiate terms of the original agreement with Shell.

Although Shell's Thai subsidiary has yet to be officially informed of the reason for the delay, it is believed the government wants to cut Shell's stake in the refinery construction project, from 64 to 51 per cent, with the remaining stake held by the state-run Petroleum Authority of Thailand (PTT).

Under the original plan, after completion, 30 per cent of the refinery was to be floated in a public share offering, with Shell retaining a 45 per cent stake and the PTT the rest. It is understood the PTT has already approved the proposed change in the initial share structure and that the powerful National Energy Policy Committee will shortly endorse the change.

If so, it would present Shell's Thai subsidiary – a company employing 800 people, mainly Thais, which has been operating in Thailand for 98 years – with a serious dilemma. Last week, the usually low-profile company took the almost unprecedented step of publicly voicing its concerns about the speculation, and a senior Shell executive reaffirmed that alteration of the agreed share structure would represent "a radical change".

Whether such a move would prompt Shell to rethink its plans or simply cause delay to a "fast track" project due for completion by the end of 1994, remains unclear.

At the moment, without any official word, Shell executives, in London this week for a long-planned strategy meeting, refuse to speculate.

But Mr Howard Shields, managing director of the Thai subsidiary, said: "Our concern about the delay and speculation is that a well-formulated and executed process could be derailed at the last minute on a project where the government has specified time is of the essence and we have planned all the steps."

Meanwhile, Shell is continuing with preparatory design work.

But the Thai company's concerns have been heightened by reports that Caltex, which was awarded the "consolation" prize of building a smaller (120,000 b/d), fifth refinery in the south, will be allowed to re-site its project on the more commercially attractive eastern seaboard next to Shell's refinery.

Caltex has mounted an aggressive and apparently successful lobbying campaign for such a change since being awarded the fifth refinery deal in March at the same time as Shell's project won provisional go-ahead.

Big business wakes up to Uruguay Round

Chemical industry concern follows long trade involvement, writes Peter Montagnon

WITH BARELY two months to go to the end of the Uruguay Round of multilateral trade negotiations, big business is starting to wake up to the implications of the agreements that could be made on their behalf by trade ministers at their final meeting in Brussels in December.

Foremost among these groups in Europe is the chemical industry, which has long taken an active interest in the Round.

Mr E.W.Meier, adviser to the board of the Dutch concern Akzo, says the industry's concern follows naturally from its deep involvement in international trade. It derives 20 per cent of its turnover from outside the Europe Community.

Not only has this led the European Chemical Industry Federation (CEFIC) to work hard at reaching a common position on the Uruguay Round with its US and Canadian counterparts; it has also held no less than six meetings with the General Agreement on Tariffs and Trade (Gatt) in Geneva. Mr Meier says officials there have been surprised by the extent to which it is in favour of trade liberalisation.

Mr Raymond Charbonnel of France's Rhône-Poulenc, adds that CEFIC is prepared to go further, with some exceptions, than the European Commission in matching a US offer in the Round to cut pharmaceutical tariffs to zero. But as it draws up its list of priorities for the final stage of the Round, the main focus has become improving the rules under which international trade operates.

It was led to this conclusion by its growing awareness that trade policy is not a one-way street. An industry active in export markets and with a large home market to defend has to seek rules that will not be turned against it by its overseas competition.

Its main concern is thus to ensure fairness, predictability and transparency in the operation of international rules. On specific issues, it also tends to plump for a middle line which in some cases is less extreme than that espoused by the European Commission in the negotiations.

For example, in the debate over safeguards – measures that can legitimately be employed to protect industries against sudden surges of imports – CEFIC says it is in favour of allowing these to be used selectively. But it adds this must still be possible only under carefully controlled conditions. Selective safeguards must be limited in time, and countries which employ them should pay compensation to the exporting country.

The Commission, which has been fighting a lone battle for selective safeguards in the Round, goes too far, it believes, in calling for the right for selective safeguards to be imposed provisionally.

Gatt officials have been surprised at how far the European chemical industry favours trade liberalisation

"If we are not careful," says Mr David Bricknell, CEFIC Director, "we shall fashion a gun that could be used against us and we shall be shot."

Mr Bricknell says that difficulty in pursuing complaints under the safeguards rule has led chemical companies to concentrate more heavily than otherwise on anti-dumping actions. In fact, the number of anti-dumping cases brought by the European chemical industry historically far outstrip those in consumer electronics, even though the latter have attracted much greater publicity.

Now that anti-dumping is also a major part of the Uruguay Round agenda, CEFIC is also proposing a middle line. Although it joined in the almost universal condemnation of the first paper on this subject produced by Mr Charles Carlisle, Deputy Director-General of Gatt, in July, it says it is prepared to see some tightening of the procedures for bringing anti-dumping cases, because it fears the present rules would allow indiscriminate use of this instrument against European exporters by developing countries such as Mexico and Turkey.

It is also keen to see rules written into the Gatt allowing importing nations to take steps to prevent circumvention of anti-dumping duties.

These must, however, take account of the chemical industry's position and not be tailor-made to fit the electronics industry which has been the main source of controversy in this area.

In particular, it is worried that tight rules preventing input dumping would hit the chemical industry which imports many of its raw materials. Its concern lies more in preventing exporters from switching the location of supply to get around dumping duties.

Among its other objectives are a binding dispute settlement system within the Gatt, coupled with an improvement in the quality of panel judgments which Mr Meier believes could be achieved by the co-opting of practical businessmen to Gatt panels.

CEFIC officials also say that they want rules on intellectual property protection, embodying strong provisions for non-discrimination, actually written into the Gatt.

Controversy in this area remains one of the most difficult obstacles to a final agreement, with developing countries implacably opposed.

But Mr Reinhard Quick of CEFIC's legal department says including intellectual property in the Gatt (which would require a two-thirds majority of its membership) would be preferable to a code signed by only a handful of participants.

Gatt members could opt out of this commitment if they wished, but it would still be part of the basic Gatt Articles.

Whether CEFIC succeeds in achieving all these objectives remains to be seen. There is strong room for doubt on intellectual property, and its relatively restrictive approach to selective safeguards is likely to meet fierce opposition from both textile exporters and developing countries who do not want any selectivity at all.

Balancing all these different viewpoints in a practical way is now likely to become a major headache for governments as they struggle towards an overall agreement, which, in the tradition of Gatt, has to satisfy everybody by the time the December deadline is reached.

McDonnell seeks partners in new trijet

McDonnell Douglas of the US has asked international aircraft makers to indicate their interest in joining as risk-sharing partners in its new MD12X three-engine commercial airliner project by October 5, Paul Betts reports.

The US company is seeking partners to develop and build the wing and fuselage of the new trijet, a stretched version of its MD11 airliner due to be delivered to its first customers at the end of this year.

McDonnell Douglas would like to launch the MD12X programme formally next year, but this is expected to hinge on its ability to secure the risk-sharing partners.

The MD12X will be 35ft longer than the 200ft MD11, and will need new wings developed – a particularly costly feature of the project. The US group says it expects to enter discussions with at least two competitors for the separate wing and fuselage deals.

Japanese groups in deal to end amorphous metals row

By Peter Riddell, US Editor, in Washington

JAPANESE companies have agreed to buy large quantities of amorphous metal alloys used in electric power transformers from Allied Signal of New Jersey to resolve a US/Japanese trade dispute over market access for the product.

Allied Signal had filed a formal complaint claiming that Japanese companies had conspired to block sales of its amorphous metal alloys which it says save a high proportion of the electricity lost in conventional transformers.

The US company alleged that the Tokyo government had persuaded Japanese utilities to defer purchases of such products until locally produced versions were available and Allied Signal's Japanese patents had expired.

Following lengthy negotiations last week, the US Trade Representative Office's said Allied Signal had indicated it was satisfied with the agreement and would not refile a complaint against Japan under the Section 301 provisions of the 1988 Trade Act.

Japanese companies have agreed to purchase amorphous metal alloys to be used in the production of 32,000 electric transformers.

Separately, Allied Signal is holding private talks with Japanese steel producers which may be licensed to use the US company's patents for amorphous metals.

Plan to boost Scandinavian trade

A SCANDINAVIAN currency union aimed at easing Sweden and Norway into the European Monetary System and uniting the currencies of Denmark, Norway and Sweden, has been proposed by Mr Niels Petersen, Denmark's Economy Minister, Hilary Barnes reports from Copenhagen.

Mr Petersen will raise the matter at the annual meeting of the IMF in Washington later this week. A union entailing one Krone for all three countries would increase the credibility of Swedish-Norwegian exchange rate policy and encourage intra-Scandinavian trade, Mr Petersen added.

Denmark is an EC member but Norway and Sweden are not. Economists here say that if Sweden and Norway want the benefits of the EMS, they might do better to seek direct association with it.

US sets deadline for tariff cut talks

By William Dullforce in Geneva

THE US has set a deadline of November 15 for the conclusion of talks with some 40 countries on reciprocal tariff cuts and the lowering of other import barriers to trade.

The US aim is to speed lagging negotiations in the so-called market access areas in the Uruguay Round trade talks.

The time limit was announced last week at the first joint meeting of four groups which have been discussing separately for the past three and a half years:

- A 33 per cent overall cut in tariffs;
- Cuts in non-tariff barriers such as import quotas and other quantitative curbs;
- Liberalising of trade in tropical products to benefit developing countries;
- Opening markets for exports of natural-resource based products.

The "market access" area covers Gatt's classical trade-liberalising activities, as distinct from new subjects such as intellectual property rights and services introduced in the Uruguay Round.

The area also encompasses crucial talks on world farm trade reform and on liberalising trade in textiles and clothing, where progress still depends on top-level political decisions, primarily in Washington and Brussels.

Last week's joint meeting was intended to find ways of combining the four groups into one barrier-reducing exercise before the Round ends in December.

Mr Julius Katz, Deputy US Trade Representative, complained in July that offers by governments to reduce tariffs amounted to less than half the target set for the Uruguay Round.

By last week, 45 participants, including all major trading blocs, had tabled proposals for cutting their tariffs. Some countries, notably Hong Kong, Indonesia, Malaysia and South Korea had substantially improved their original offers.

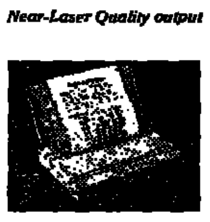
But intensive discussions on the exchange of tariff concessions on a bilateral basis were seriously started only two weeks ago and are behind schedule. The European Commission is especially blamed by some negotiators for inability to handle the work-load in Geneva.

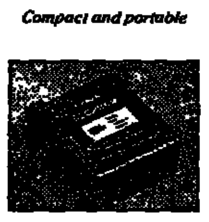
In the talks on liberalising the $110bn (£58.5bn) trade in tropical products, 48 participants have submitted proposals going well beyond the partial lowering of barriers agreed at the Round's mid-term review in December, 1988. Some delegations have made their offers conditional on their interests in other areas of the Round being met.

HOW TO ARGUE WITH A DOT MATRIX


Silent printing

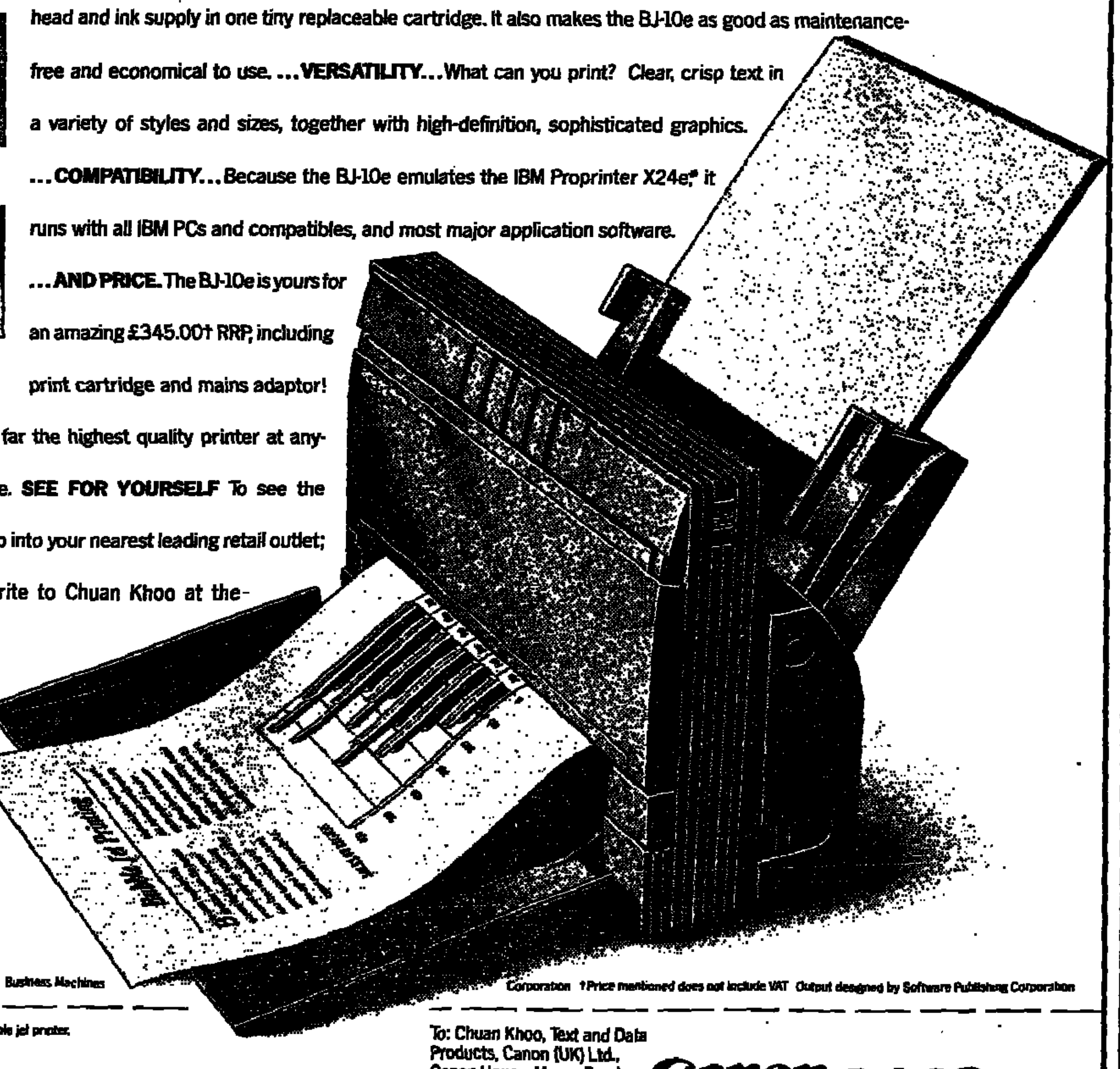
Near-Laser Quality output


Compact and portable


Unique bubble jet technology


Breakthrough in price

Take a look at the Canon BJ-10e. It's an entirely new concept in compact printers. And it beats most dot matrix printers hands down. Here's why. NOISE A dot matrix in action adds considerable noise to the working environment. The Canon BJ-10e is almost silent. QUALITY The average dot matrix cannot conceal what it's doing – printing dots. The BJ-10e, working at 360dpi, gives the rich, black output of Near-Laser Quality. SIZE Would you like more space on your desk? Then you will be glad to have the Canon BJ-10e. Even with optional automatic sheet feeder, the BJ-10e is one of the world's smallest desktops. PORTABILITY But the best is yet to come. Unclip the sheet feeder, and the BJ-10e is probably the world's finest and most versatile laptop. Not much larger than a sheet of A4, it will fit your briefcase easily. And even with optional rechargeable battery pack, it weighs only 4.6lbs (rather less than the average Yellow Pages). **A NEW STANDARD OF TECHNOLOGY...** How is all this possible? Through another startling breakthrough in bubble jet technology, Canon has combined print head and ink supply in one tiny replaceable cartridge. It also makes the BJ-10e as good as maintenance-free and economical to use. **...VERSATILITY...** What can you print? Clear, crisp text in a variety of styles and sizes, together with high-definition, sophisticated graphics. **...COMPATIBILITY...** Because the BJ-10e emulates the IBM Proprinter X24e,* it runs with all IBM PCs and compatibles, and most major application software. **...AND PRICE.** The BJ-10e is yours for an amazing £345.00† RRP, including print cartridge and mains adaptor! Which makes it by far the highest quality printer at anything like the price. **SEE FOR YOURSELF** To see the BJ-10e in action, pop into your nearest leading retail outlet; for a brochure, write to Chuan Khoo at the address below.



BUBBLE JET

* IBM and Proprinter are registered trademarks of International Business Machines Corporation. † Price mentioned does not include VAT. Output designed by Software Publishing Corporation.

I would like to know more about the BJ-10e compact bubble jet printer.
Please send me a brochure.
Name
Company Postcode
Address Telephone Fax
FT25/9-M2

To: Chuan Khoo, Text and Data Products, Canon (UK) Ltd., Canon House, Manor Road, Wallington, Surrey SM6 0AJ. Tel: 081-773 3173; Fax: 081-669 5760.

Canon BUBBLE JET PRINTER BJ-10e

Northwestern University
Kellogg
Graduate School of Management
Programs in Executive Education

Located near Chicago's dynamic business community, the Kellogg Graduate School of Management of Northwestern University offers some of the best of America's executive education programs. Choose from a wide variety of programs tailored to specific management responsibilities. Learn from distinguished faculty in the company of fellow executives. Learn from an outstanding American business school: Kellogg Graduate School of Management.

Advanced Executive Program
February 10–March 8, 1991
June 23–July 19, 1991
A four-week program for senior executives who have cross-functional or general management responsibilities. The curriculum emphasizes the organization's environment and the firm's managerial functions. To demonstrate linkages and tradeoffs of these two areas, an integrative case is team-taught by the faculty.

Executive Development Program
May 5–24, 1991
July 21–Aug. 9, 1991
October 6–25, 1991
A three-week program for managers perceived to have potential for senior-level management responsibilities. The program covers management functions, macroeconomic theory, international policy, and competitive analysis.

International Advanced Executive Program
Burgenstöck, Switzerland
September 1–14, 1991
A two-week program for general or senior functional managers responsible for international operations. The curriculum encompasses managing a global economy, formulating and implementing strategies for the multinational organization, and marketing across international boundaries. Faculty from the Kellogg School and leading European universities conduct the program. The program concludes with an integrative case in which participants design a coordinated Asian, European, and North American strategy for a major corporation.

For further information on these and other Kellogg executive programs, contact

Kellogg

Executive Programs
Kellogg Graduate School of Management
Northwestern University
James L. Allen Center, Dept. FTA
Evanston, Illinois USA 60208-2800
Phone 708-864-9270 Fax 708-491-4323
Telex 821564

INTERNATIONAL NEWS

Taiwan expects growth rate to fall to 4.5%

By John Elliott in Taipei

TAIWAN expects its economic growth rate to fall to about 4.5 per cent this year, which is far lower than had been expected and compares with 7.3 per cent last year.

This was revealed in an interview yesterday by Mr Vincent Siew, minister for economic affairs, who also said that next year's growth could "perhaps be even lower" than 4.5 per cent.

The next 18 months to two years would be "very difficult".

This is a dramatic setback for one of Asia's most vibrant economies, which has had 28 years of economic growth averaging 9 per cent a year. Average growth of 6.5 per cent had been projected by the government through the 1990s.

The economy has been hit hard by a six-month slump in Taipei's previously booming stockmarket. This has dramatically cut consumer spending and removed 2.5 to 3 percentage points from the growth figures.

Increases in oil prices have further eroded prospects, which were hit earlier by export problems. Export performance worsened sharply in the first half of the year when it fell by 0.8 per cent, the first negative figure since the early 1980s.

Mr Siew, who was appointed to his present post three months ago, said the country would "probably have to suffer low growth for one or two years" while it adjusted.

He argued that this could be seen as a "healthy development" because excessive growth and stock market speculation during the past few years had "not been healthy".

He said he hoped that plans to speed up big infrastructure projects would prevent the figure falling below 4.5 per cent next year.

But the government has failed in the past two years to bolster economic growth with these projects, which have been held up by high land prices, shortages of labour and environmental issues.

A special task force had been set up under the chairmanship of Mr Hau Pei-tsun, the prime minister, to clear blockages delaying the projects.

World airlines queue for Qantas stake in Asia-Pacific expansion

By Paul Betts, Aerospace Correspondent

THE partial privatisation of Qantas, the Australian international airline, and the outright sale of Australian Airlines, the state-owned domestic carrier, is expected to lead to a significant realignment in the international airline industry in the fast growing Asia-Pacific market.

Leading international carriers including British Airways, Lufthansa, American Airlines, United Airlines and Japan Air Lines, are all understood to be interested in acquiring a stake in Qantas to establish a close partnership with the Australian long-distance carrier.

The industry is already bracing itself for what is likely to be fierce competition between these carriers, all seeking to expand global operations and strengthen their competitive position in the Far East, where air travel has been growing at a rate of more than 10 per cent and by 20 per cent and more in some areas such as Japan, Singapore, Hong Kong and Thailand.

BA is considered to be in a particularly strong position to acquire a stake in Qantas. Under the Qantas sell-off proposals approved yesterday by the Australian Labor Party, foreign investors will be able to acquire up to 35 per cent of the airline.

Qantas has made no secret of its interest in establishing a preferential relationship with BA. Talks between the two companies are understood to have already started.

Although BA declined to comment yesterday, Australian officials confirmed there was considerable interest in an association with BA because of the affinities between the two airlines. BA and Qantas already co-operate on engineering. BA also has ties with Australian Airlines, the domestic carrier.

For BA, a stake in Qantas would considerably reinforce its international operations by closing up the existing gap in the Far East in its global network. BA unsuccessfully tried to acquire a stake in Air New Zealand last year, although it subsequently secured an important marketing agreement with the New Zealand carrier.

Qantas has also been looking for strong international partners not only to inject badly needed capital but also to help the carrier compete against the other big and expansion-minded Asian carriers such as Singapore Airlines, Thai Air and the large Japanese carriers.

A partnership between BA and Qantas, which could also include other international carriers to form an important new airline grouping in the Asia-Pacific region, could also help improve the traditionally difficult relations between the UK and the Australian governments over bilateral air service agreements.

However, the UK authorities also risk facing a delicate dilemma since Qantas is anxious to secure rights to Hong Kong. This is likely to be resisted by Cathay Pacific, the Hong Kong-based carrier.

US carriers are also expected to bid for a stake in Qantas. American Airlines is currently seeking to expand in the Asian market and has already reached a marketing agreement with Cathay. United Airlines, which has a marketing agreement with BA, is also said to be looking at Qantas.

But the likely interest of Lufthansa in Qantas could intensify the current rivalry between BA and the West German airline. BA and Lufthansa are already involved in a battle over the future Berlin hub and both are trying to secure a large minority stake in Interflug, the East German carrier. The dog fight could now also be extended to Australia.

Bhutto faces second charge

FORMER prime minister Benazir Bhutto was ordered yesterday to stand trial on a second corruption charge, the state-run news agency said, AP reports from Lahore.

A special one-judge court ruled that Pakistan's army-backed government presented enough evidence to indict the former premier on a second corruption charge.

The civil proceedings are to start on October 9.

The corruption charge alleges Ms Bhutto gave lucrative contracts for the distribution of liquefied gas to friends and relatives. A day earlier Justice Rashid Aziz Khan ordered Ms Bhutto, 37, to stand trial on October 2 on another corruption charge, stemming from the alleged illegal sale of government-owned land.

If convicted, Ms Bhutto could be barred from the election on October 24 and from participating in politics for up to seven years. Ms Bhutto is a candidate for the 217-member National Assembly, the powerful law-making lower house of parliament.

Ms Bhutto was not immediately available for comment. However, her aides said she has been in meetings with her legal advisers for much of the time since Sunday's court ruling.

Ms Bhutto has said previously that she will not appear before the tribunals set up to try corruption charges against her and her former government. Legal experts say Ms Bhutto could be tried in absentia and held in contempt of court, possibly facing a fine or arrest.

Bhutto: order to stand trial

On August 6, President Ghulam Ishaq Khan, using his constitutional powers dismissed Ms Bhutto's 20-month-old government on charges of corruption, political incompetence and abuse of power.

Four corruption charges – two filed in Lahore and two in her hometown of Karachi – have been filed by the caretaker government before special tribunals.

The two Karachi charges are still pending and expected to be heard on Saturday.

Evidence presented against Ms Bhutto yesterday alleged the Western-educated leader gave valuable distribution contracts for the liquefied natural gas to a cousin, among others.

The charge accepted on Sunday claims Ms Bhutto approved the sale of 287 acres (115 hectares) of federal land to a London-based company operated by another cousin. The land, which was sold at sharply reduced prices, was to be used for a luxury hotel and resort outside the capital of Islamabad.

Special one-judge tribunals date to the days of Pakistan's military ruler, General Mohammad Zia ul-Haq, who created them in 1977 to try Ms Bhutto's father, Zulfikar Ali Bhutto.

Mr Bhutto was overthrown by General Zia in July 1977 and was hanged two years later. President Zia died in August 1988 in a mysterious aircraft crash. Ms Bhutto won elections three months later in the country's first free polls since her father's execution. She became the first woman to lead a modern Moslem nation.

Since her dismissal, Ms Bhutto's military-backed successors have launched a campaign to portray her administration as the most corrupt in Pakistan's 43-year history.

But several Pakistani and foreign diplomats have criticised the tribunals as blatantly one-sided.

NEWS IN BRIEF

Liberian rebel leader to organise elections

LIBERIAN rebel leader Mr Charles Taylor said yesterday he would organise general elections in Liberia for October 10, but a senior official of the peacekeeping force now in the country scoffed at the proposal, Reuter reports from Freetown.

Mr Taylor said during a BBC radio interview that elections would be open to opposition groups including a breakaway rebel faction under Prince Johnson. "We are sending 10 members from our delegation to meet with the other (Johnson's) faction to begin to discuss bringing this country back to normal."

But in Freetown in neighbouring Sierra Leone, a senior official with the Ecomog peacekeeping force said: "It's not a serious proposition. What does Taylor control? How many children attend school on his side, how many hospitals are open?"

Angola peace talks resume

Angola's Government and Unita rebels resumed peace talks yesterday amid hopes that the presence of US and Soviet observers would help to unblock an impasse and end 15 years of war, Reuter reports from Lisbon.

Officials at this fourth round of negotiations said Unita and government officials were holding informal contacts at a secret venue near Lisbon. Full talks were set to begin today with representatives of Washington and Moscow – backers respectively of Unita and the Angolan government – on hand to give advice on any eventual truce.

Seoul hopes for links with North

South Korea will seek agreements on transport and telecommunications links and on economic exchanges at forthcoming premiers' talks with North Korea, an official said yesterday, AP-DJ reports from Seoul.

The Seoul Government also hopes North Korea will agree to open telephone hot lines between high-ranking military officers and agree to prior notification of military manoeuvres, said Mr Lee Jin, chief secretary to the Prime Minister.

Earthquake hits Iranian city

An earthquake measuring 5 on the open-ended Richter scale jolted the city of Ardebil in Iran's East Azerbaijan province yesterday, the official Islamic Republic News Agency reported, Reuter reports from Nicosia.

Kenya murder report finished

A British detective who spent more than three months investigating the slaying in February of Kenya's foreign minister yesterday handed his voluminous report to the attorney general, Reuter reports from Nairobi.

Communists end Philippine ceasefire

COMMUNIST guerrillas in the Philippines have ended a limited truce with President Corazon Aquino's government and said they will step up their 21-year insurgency, writes Greg Hutchison in Manila.

Mr Romulo Kintanar, chief of staff of the New People's Army yesterday cited Friday's 25 per cent rise in retail oil prices and violent police action to disperse protests against US military bases for the rebels' change of heart.

The ceasefire covered Metropolitan Manila, Mountain Province, Baguio city, Benguet and Nueva Viscaya – northern areas strongly affected by last July's powerful earthquake. The NPA started the ceasefire unilaterally after the July 16 earthquake.

The government followed up on September 12 with in a belated bid to revive the peace process with the marxist rebels, stalled since January 1987 when a two-month ceasefire and peace conference broke down after soldiers killed 12 people during student and labour demonstrations.

Yesterday, protesters opposing Friday's oil price rise took to the streets of the capital. Public transport was hit by a minibus drivers' strike. Schools were suspended for a second day today as teachers join the protests.

The government is also under pressure from a bombing campaign by rightist military rebels who now appear to be targeting hotel rooms in the capital.

Meanwhile, a 25 per cent rise was announced yesterday in minibus fares, the first of many price rises expected to flow from the government's decision to raise oil prices.

Surrounded by singing supporters, Mrs Winnie Mandela (second left) yesterday appeared in Soweto Magistrate's court on four charges of kidnapping and four of assault with intent to do grievous bodily harm, writes Philip Gawith in Johannesburg. She was accompanied by her husband, Mr Nelson Mandela (left), deputy president of the African National Congress. The case, which involves seven other accused, was postponed for trial in the Rand Supreme Court on February 4. The charges arise out of the alleged abduction in December 1988 by Mrs Mandela and the other accused of 14-year-old Stompie Seipei and three others. The original trial date of October 30 was postponed when Mrs Mandela's attorney, Mr Ismail Ayob, successfully argued that she would suffer "substantial prejudice" since it would leave her defence less than two weeks in which to prepare a case.

De Klerk in Washington, Page 10

UN hopeful for new boat people scheme

By Angus Foster in Hong Kong

THE United Nations High Commission for Refugees hopes the first batch of "non-volunteer" boat people will be returned to Vietnam from Hong Kong by the end of next month.

This follows agreement between Vietnam, Britain, Hong Kong and the commission to create a new category of boat people who have been "screened out" as illegal immigrants rather than genuine refugees.

The new category will cover boat people who have not volunteered to return but do not actively oppose repatriation. Details of the new scheme have yet to be worked out.

Hong Kong hopes the agreement will restore the number of non-refugees returning to Vietnam to its target of 1,000 a month. An existing scheme covering voluntary returnees has been losing momentum. Between February and August about 400 boat people volunteered each month.

But Mr Jamshid Anvar, the new director for the commission's Asia and Oceania bureau, admitted it was not yet clear whether such a category of non-volunteers existed.

He said there were two schools of thought on the matter, with one school saying the category was imaginary. "There are others who genuinely believe this group exists and we now have to test it."

He said counsellors would actively seek out boat people in the new category. Such people might not see returning to Vietnam as "ideal", he said, but they would not actively oppose going back.

Hong Kong has more than 44,000 boat people in camps scattered around the colony. Nearly 13,000 boat people have been screened out as illegal immigrants.

According to some observers, the difference between mandatory repatriation, the term used by the British and Hong Kong governments to describe forced returns, and returning non-volunteers is a question of semantics.

But Mr Anvar insisted the return of non-volunteers did not amount to mandatory repatriation. "Mandatory repatriation gives people no choice, this [new agreement] gives people the choice to say no," he said.

Hong Kong has relaxed immigration rules for mainland Chinese passport holders in a bid to ease the effects of the colony's mounting "brain drain", Angus Foster writes.

Hong Kong will now allow holders of Chinese passports who have lived in a third country for more than two years, and possess a special skill not available in Hong Kong, to work in the colony.

The brain drain is being blamed for a widely perceived management and skills shortage in Hong Kong. This year more than 60,000 people are expected to leave in search of a foreign passport ahead of 1997 and Hong Kong's return to Chinese sovereignty.

The number of applicants following the change in the rules is expected to be small, because most mainland Chinese are discouraged from travelling or living abroad.

Indian students continue protest

A COLLEGE student set himself ablaze yesterday at a crowded intersection as protests against the job quota policy of Mr V.P. Singh, the Indian prime minister, entered their eighth week, AP reports from New Delhi.

Two other people attempted self-immolation in Jaipur, 300 km southwest of New Delhi, United News of India said.

In New Delhi, Surinder Singh Chauhan, 22, doused himself with fuel from a motorcycle and immolated himself, witnesses said. A doctor at the nearby hospital where he was taken said he was unlikely to live through the night.

The students claim the government has set a policy of reverse discrimination by reserving desirable government jobs for low caste Indians.

Kaunda accepts multi-party system calls

By Mike Hall in Lusaka

PRESIDENT Kenneth Kaunda, opening a five-day session of his ruling party's National Council yesterday, recommended the re-introduction of a multi-party system and the cancellation of a referendum scheduled for next year.

The two-month old Movement for Multi-party Democracy immediately welcomed the statement. Mr Arthur Wina, the Movement's chairman, said: "It amounts to the achievement of our agenda."

President Kaunda said campaigning in the lead up to the referendum was dividing the nation: "I see bloodshed at the end of the road and I see disaster for the country." He went on: "Let us make these people who are now hiding behind empty multi-party slogans, who are shielding behind false accusations of oppression by UNIP, sit down and think what it is like to run a real political party."

Mr Kaunda recommended to the 600 delegates, most of whom are appointed by him, that a commission be set up to determine what constitutional amendments are needed.

Introducing Japan's top performance vehicle.

The Nikkei 225. Now available on the CME.

The broad-based, blue chip Nikkei 225 is Japan's most widely followed stock average. In Japan, contracts based on this index trade five times more than the closest competitor. And now the Chicago Mercantile Exchange, the exchange with the S&P 500® futures and options markets, has exclusive rights in North America to bring Nikkei 225 Stock Average futures and options to hedgers and traders around the world.

The addition of the Nikkei 225 is one more step in the globalization of the world's financial markets. And with it, the CME will make participating in the rapidly expanding Japanese stock market more efficient than ever before. Because now Japan's top performance vehicle will offer standard features like dollar settlement, U.S. trading hours, deep, liquid markets and tight bid/ask spreads. Nikkei 225 Stock Average futures and options on the CME– there's no better vehicle to get you to Japan.

For a free Nikkei 225 futures and options trading kit, call 4471-920-0722 (London), 1-800-331-3332 (U.S., toll free), 1-312-930-8213 (outside U.S.), 813-595-2251 (Tokyo).

CHICAGO MERCANTILE EXCHANGE™
The Exchange of Ideas

"Standard & Poor's®," "S&P®," "S&P 500®," Standard & Poor's 500" and "500" are service marks of Standard & Poor's Corporation and have been licensed for use by the Chicago Mercantile Exchange. The Nikkei Stock Average is owned by and proprietary to Nihon Keizai Shimbun.

India's tractor makers prepare for growth

K.K Sharma explains that changes in bank lending rules could help sales take off

EICHER Tractors, the Delhi-based company which commands over 14 per cent of India's growing tractor market, is gearing up for rapid growth in the industry.

With three plants already up and running in Haryana, Rajasthan and Himachal states, Mr S.K. Bhargava, a director of the company, says confidently: "If all goes well, we should be setting up a completely new unit, doubling our production in the next few years."

Funds for the expansion are not a problem because Eicher has been ploughing profits back into the company for reinvestment, while still paying out a high 27 per cent dividend last year.

The company has its sights set on an expansion in the domestic market, which already sees sales of 115,000 tractors a year.

Sales this year are expected to soar for India's 19 biggest tractor companies, each of which is making plans for modernisation and expansion.

This is India's Year for Agriculture; a campaign for promoting farmers' interests initiated by Mr Devi Lal, who was dismissed in July as deputy prime minister by Mr V.P. Singh, India's prime minister, after a power struggle within the ruling Janata Dal party.

By the time Mr Lal left the government, he had set in motion a number of measures to protect the interests of his powerful farmers' constituency. The prospects of a boom in the tractor industry lie, in fact, in the spin-offs of a visit to China by Mr Lal earlier in the year.

Mr Lal was so impressed by the level of mechanisation in Chinese agriculture that he promptly announced a scheme to offer subsidies of Rs30,000 (£890) for each tractor – roughly one third of the purchase price – bought by what are called "small and marginal" farmers with land holdings below eight acres.

Such farmers make up 78 per cent of the country's total. If Mr Lal's scheme had gone ahead, the days of bullock-driven ploughs, the traditional and inefficient method of cultivation, would have been over in a few years.

However, financial constraints and limitations on making the required small tractors intervened, and the subsidy scheme has now been relegated to the background, being limited to a negligible 5,000 tractors in the next five years.

But the scheme did underscore the need for rapid mechanisation in agriculture if productivity is to increase to match India's rapidly growing population.

As Mr Bhargava says: "It must be a whole package. Farmers need irrigation, seeds, fertilisers – and mechanisation – if they are to increase production."

Mechanisation of India's agriculture remains limited. The gross cropped area of the country is now estimated at around 200 hectares per tractor, compared with 40 hectares per vehicle in the US and a world average of 63 hectares.

But despite hindrances to Mr Lal's original scheme, Eicher and other tractor companies still foresee a boom in the industry.

Their confidence arises mainly because the criteria for qualifying for bank finance for farmers is being changed. Those in the industry believe this could increase farmers' purchasing potential several times.

At present farmers must own more than eight acres to qualify for bank loans for tractors, which cover 85 per cent of the cost at low interest rates and offer a comfortable repayment period of 10 years.

Tractor companies have succeeded in persuading the government that the ceiling for land holding should be lowered to four acres, enabling millions more farmers to qualify for the loans.

A four-acre farm might seem rather small to justify full-time use of tractors for agricultural purposes, but the qualifying limit is being changed because of an unusual situation in India.

The machines are used for a variety of purposes – transport of goods and passengers, powering tubewells and so on, and are hired out to other farmers, which collectively make them economically viable even for small farmers.

Industry optimism has also been fuelled by a recent survey showing that farmers have a remarkably good record in repaying loans.

Because ownership of tractors will not only increase their productivity and incomes from agriculture but will also bring earnings from other uses of the machines, both government officials and representatives of the tractor industry are confident that their plans for a rapid expansion of manufacturing are soundly based.

The tractor industry is thus on the verge of rapid growth, hopefully with spill-over effects on agricultural production.

Although Mahindra and Mahindra of Bombay (with an 18 per cent market share) and Eicher are the largest tractor companies and will be among the first to modernise and expand, other companies are expecting to cash in on the increased demand for tractors.

In the process, Mr Lal's scheme to promote small tractors is likely to fall by the wayside – the industry and officials agree that what works in China will not necessarily work in India.

Meanwhile, the boom will continue for multi-purpose medium-sized and large tractors for which the Indian farmer has shown a marked preference.

British Gas advises its contract gas customers of revisions to price Schedules

With effect from 1st October 1990 British Gas is revising its FI3, MT1 and ST1 Schedules to incorporate changes to the pricing system for firm gas. Terms and conditions for interruptible gas remain unchanged. The updated Schedules will bear the reference FI4, MT2 and ST2. Copies of these Schedules are available from the Registered and Regional Head Offices of British Gas plc.

CONTRACT GAS PRICING SCHEDULES FIRM AND INTERRUPTIBLE GAS

Ref: FI4 — Effective from: Meter Reading date at the customer's premises on or nearest to 1st October 1990.

This Schedule FI4 supersedes but is similar in format and terms to FI3 effective from 1st March 1990 except that the first 25,000 therms of firm gas consumed at each premises in each contract year will be subject to an Initial Block Price. The Addendum published on 3rd August, 1990 titled "Monthly Charges" is also now included.

Pursuant to Condition 5 of its Authorisation, British Gas will enter into Special Agreements (contracts) with customers under this Schedule FI4 for the supply of gas through pipes to premises which they own or occupy, each premises consuming in excess of 25,000 therms per annum in the case of firm supplies of gas or 200,000 therms per annum in the case of interruptible supplies of gas, on the prices and terms shown in this Schedule subject to the conditions of contract. The prices and terms shown do not apply to supplies contracted under Schedules CSP1, CSP2, FI2, FI3, MT1, MT2, ST1, ST2 and LTI1, back-up gas or to other forms of supply identified in Condition 5 of British Gas' Authorisation.

The prices shown in this Schedule FI4 shall apply to gas supplied under standard "Scheduled Price" contracts entered into on or after 1st October 1990 for firm or interruptible gas, and this Schedule replaces the Contract Gas Pricing Schedule FI3. Under the contracts a customer will nominate the annual consumption for the selected type of supply which will determine the Scheduled Reference Price, comprising a Monthly Charge and a price per therm, for a standard contract. Notwithstanding this, the Initial Block Price will determine the price of gas for the first 25,000 therms of firm gas consumed at each premises in each contract year. Contracts will contain clauses giving effect to maximum consumption levels and allowing the charges for gas actually consumed to be reconciled against the nominated annual consumption. Reconciliation will normally take place at the anniversary date(s) of the contract(s). (See Note 2).

The Scheduled Reference Prices, the Initial Block Price and other terms shown in this Schedule FI4 will be modified at the discretion of British Gas. Publication of revised prices and other terms may not take place within 28 days of the previously published schedule without the consent of the Director General Office of Gas Supply (Ofgas).

The Initial Block Price for firm contracts and the Scheduled Reference Prices for firm and interruptible contracts are shown under "1: Firm Gas" and "2: Interruptible Gas" below respectively. Customers may choose alternatives to the standard contract terms by selecting optional terms (i.e. differing length of contract and methods of contract price movement during the contract). The optional terms available and the price variations in respect of firm gas contracts are shown at 1 (ii) (b), and in respect of interruptible gas contracts are shown at 2 (ii) in this Schedule.

Copies of Schedules and conditions of contract are available from the Registered and Regional Head Offices of British Gas.

1: Firm Gas

(i) Initial Block Price:

The price of gas for the first 25,000 therms consumed at each premises in each contract year shall be 40.96 p/therm. This price will be revised from time to time and will be applied in accordance with the contract terms.

(ii) Scheduled Reference Price:

The price for gas consumed in excess of 25,000 therms at each premises in each contract year will comprise a Monthly Charge (£) and a price per therm (p/therm).

(a) **Standard Terms:** the Scheduled Reference Prices for the nominated annual consumption levels under standard firm gas contracts are given in Table 1. These prices will move in line with the Schedule as published from time to time and will be applied in accordance with the contract terms.

Table 1: *Firm Gas – Scheduled Reference Price – Standard Terms*

Volume Band	1	2	3	4	5	6	7	8	9	10	11	12
Nominated Consumption therms/annum	25,001 to 50,000	50,001 to 100,000	100,001 to 150,000	150,001 to 250,000	250,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	57	57	236	421	623	1,946	2,504	4,587	13,962	22,295	37,920	48,337
	Price per therm (p)											
Single Premises	36.25	36.00	33.25	32.25	31.25	30.25	28.50	27.25	25.00	24.00	23.25	23.00
Multiple Premises	–	36.50	33.75	32.75	31.75	30.75	29.00	27.75	25.50	24.50	23.75	23.50

(b) **Optional Terms:** the options available and the price variations to the Scheduled Reference Price – Standard Terms are given below:

(i) Extend contract to 2 years : No extra charge
(ii) Price fixed for contract period : 1 year contract + 3% 2 year contract + 7%
(iii) Price indexed for 1 year or 2 years : No extra charge
Indices 50% PPI: 50% Gas Oil (See Note 4)

(c) **Seasonal Pricing Factors:** the prevailing Scheduled Reference Prices in Table 1 as modified by any option chosen by the customer will be adjusted in the months shown by the application of the seasonal pricing factors contained in Table 2.

Table 2: *Seasonal Pricing Factors*

Month	Factor
December, January, February and March	1.0
April, May, October and November	0.95
June, July, August and September	0.85

2: Interruptible Gas

(i) Standard Terms of an Interruptible Gas Contract:

Gas supplies under a contract of 1 year duration to single or multiple premises of the customer, each premises consuming in excess of 200,000 therms per annum. Scheduled Reference Prices will comprise a Monthly Charge (£) and a price per therm (p/therm).

There are three forms of standard interruptible contract from which the customer may choose. These are differentiated by their potential periods of interruption within a contract year. The periods of interruption, which will occur at British Gas' discretion and may or may not be continuous, are:

(1) Short Period: Interruption for a minimum period of 7 days and up to a maximum of 35 days.
(2) Medium Period: Interruption for a minimum period of 7 days and up to a maximum of 63 days.
(3) Long Period: Interruption for a minimum period of 7 days and up to a maximum of 90 days.

The minimum periods of interruption under each form of interruptible contract under this Schedule shall be suspended in accordance with Note 10.

For each type of interruptible contract, the twelve monthly charges and the prices per therm will move in line with the Schedule as published from time to time. If necessary, at the commencement of each contract month, the contract prices will be adjusted to the appropriate monthly charges and prices per therm given in the published Schedule operating at that date.

The Scheduled Reference Price for the nominated annual consumption level under the respective standard interruptible contract is given in Tables 3, 4 and 5.

Table 3: *Short Period Interruptible – Scheduled Reference Price*

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption therms/annum	200,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	328	911	2,224	3,744	11,244	16,244	30,827	34,984
Number of Premises	*Price per therm (p)*							
1	28.60	27.20	25.60	24.70	22.90	22.30	21.60	21.50
2	29.20	27.80	26.20	25.30	23.50	22.90	22.20	22.10
3	–	28.40	26.80	25.90	24.10	23.50	22.80	22.70
4-5	–	29.00	27.40	26.50	24.70	24.10	23.40	23.30
6-10	–	–	28.00	27.10	25.30	24.70	24.00	23.90
11-20	–	–	–	27.70	25.90	25.30	24.60	24.50
21-50	–	–	–	28.30	26.50	25.90	25.20	25.10
51-100	–	–	–	–	–	26.50	25.80	25.70
101-500	–	–	–	–	–	27.10	26.40	26.30
501-1000	–	–	–	–	–	–	–	26.90
1001-2000	–	–	–	–	–	–	–	27.50

Table 4: *Medium Period Interruptible – Scheduled Reference Price*

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption therms/annum	200,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	427	1,177	2,260	3,427	12,177	17,177	46,344	46,344
Number of Premises	*Price per therm (p)*							
1	26.80	24.80	23.50	22.80	20.70	20.10	18.70	18.70
2	27.35	25.55	24.25	23.55	21.45	20.85	19.45	19.45
3	–	26.30	25.00	24.30	22.20	21.60	20.20	20.20
4-5	–	27.05	25.75	25.05	22.95	22.35	20.95	20.95
6-10	–	–	26.50	25.80	23.70	23.10	21.70	21.70
11-20	–	–	–	26.55	24.45	23.85	22.45	22.45
21-50	–	–	–	27.30	25.20	24.60	23.20	23.20
51-100	–	–	–	–	–	25.35	23.95	23.95
101-500	–	–	–	–	–	26.10	24.70	24.70
501-1000	–	–	–	–	–	–	–	25.45
1001-2000	–	–	–	–	–	–	–	26.20

Table 5: *Long Period Interruptible – Scheduled Reference Price*

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption therms/annum	200,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	760	1,593	3,176	4,509	7,009	7,842	9,925	9,925
Number of Premises	*Price per therm (p)*							
1	21.50	19.50	17.60	16.80	16.20	16.10	16.00	16.00
2	22.50	20.50	18.60	17.80	17.20	17.10	17.00	17.00
3	–	21.50	19.60	18.80	18.20	18.10	18.00	18.00
4-5	–	22.50	20.60	19.80	19.20	19.10	19.00	19.00
6-10	–	–	21.60	20.80	20.20	20.10	20.00	20.00
11-20	–	–	–	21.80	21.20	21.10	21.00	21.00
21-50	–	–	–	22.80	22.20	22.10	22.00	22.00
51-100	–	–	–	–	–	23.10	23.00	23.00
101-500	–	–	–	–	–	24.10	24.00	24.00
501-1000	–	–	–	–	–	–	–	25.00
1001-2000	–	–	–	–	–	–	–	26.00

(ii) Optional Terms at Customer Choice for an Interruptible Contract:

The options available and the price variations to the Scheduled Reference Price are given below:

OPTIONS	SHORT PERIOD	MEDIUM PERIOD	LONG PERIOD
Extend Contract to 2 years duration	No extra charge	No extra charge	No extra charge
Price fixed for: 1 year / 2 years	+3% / +7%	+4% / +15%	+5% / +18%
Index-Linked Contract Indices (See Note 4)	No extra charge 50% PPI: 50% Gas Oil	No extra charge 50% Gas Oil: 50% HFO	No extra charge 100% HFO

3: Umbrella Agreement

An Umbrella Agreement is available, and is applicable to two or more contracts of any type contracted under the terms of this Schedule FI4, Schedule CSP1 as may be varied by Schedule CSP2, together with contracts under Schedules FI2, FI3, MT1, MT2, ST1 and ST2. This Umbrella Agreement will determine the percentage reductions to be applied for gas consumed at all of the premises under the Agreement taking into account the annual payments made for gas consumed and the annual consumptions of gas for all the premises under the Umbrella Agreement. Payments and the consumptions of gas for premises which do not reach the firm contract gas threshold of 25,001 therms per annum or the interruptible contract gas threshold of 200,001 therms per annum at the normal contract reconciliation date will not be included in the calculation. A single calculation and payment will be made after each anniversary date of the Umbrella Agreement or on its termination.

The percentage reduction for each tranche of gas consumed within each twelve month period of the Umbrella Agreement is shown in Table 6.

Table 6: *Percentage reductions to be applied for incremental tranches of gas to the annual payments made for gas consumed at premises covered by an Umbrella Agreement.*

Load Band	1	2	3	4	5	6	7	8	9	10	11	12
Therms p.a.	Less than 50,002	50,002 to 100,000	100,001 to 150,000	150,001 to 250,000	250,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Percentage Reduction	0	0.1	0.15	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

General Notes

1. Conditions of Contract

The notes given in this Schedule summarise elements of the conditions of contract and the way in which they will be applied. They are not exhaustive and cannot take precedence over, or modify, any of the terms and conditions of the contract entered into by any individual customer.

2. Reconciliation

Charges for gas will be based on the actual annual consumption. In the event that the actual consumption would have placed the customer in a different volume band from that of his nominated consumption, including taking account of any variation in the number of premises, then a reconciliation exercise will be undertaken to adjust retrospectively charges for gas consumed in any contract year. Reconciliation will be made at the anniversary date of the contract or the termination of the contract, whichever is earlier. In the event of reconciliation the actual annual consumption will generally be taken as the nominated consumption for an ongoing or renewal contract. If under an interruptible contract the supply has been interrupted at the direction of British Gas then an allowance will be calculated for the days interrupted in ascertaining the annual consumption for the purpose of reconciliation.

3. Multiple Premises

(a) A contract will be available for a firm supply of gas to be consumed at more than one premises owned or occupied by the customer or its Subsidiary and/or Affiliated companies provided each premises consumes more than 25,000 therms per annum.

(b) A contract will be available for an interruptible supply of gas to be consumed at more than one premises owned or occupied by the customer or its Subsidiary and/or Affiliated companies provided each premises consumes more than 200,000 therms per annum save that on an interim basis a multiple premises contract will be available in respect of related supplies historically treated as aggregable under a pre-existing group arrangement and aggregating more than 200,000 therms per annum.

(c) For the purposes of notes 3(a) and (b) above and Umbrella Agreements, Subsidiary companies are as defined under section 736 of the Companies Act 1985, and Affiliated companies are as defined in the contract by reference to the common control of the customer and Affiliate, taking the definitions of control set out in Section 302(2) (b) and (c) of the Income and Corporation Taxes Act 1970.

4. Index-Linked Contracts

The Reference for indices will be:

PPI: HM Central Statistical Office Digest, Gas Oil/Heavy Fuel Oil: Platt's Oilgram.

British Gas will, on a monthly basis for interruptible contracts and three monthly for firm contracts, notify customers with index-linked contracts of the variations in the value of these indices.

Index-linked interruptible contracts entered into under this Schedule FI4 containing wholly oil denominated indices will contain top and bottom stop prices. The top stop will be 5 per cent. above the single premises price in volume band 1, and the bottom stop will be 5 per cent. below the single premises price in volume band 8 as shown in tables 4 and 5, medium period and long period interruptible gas supplies respectively.

5. New Supply Contracts

Contracts will be entered into for future supplies of gas provided gas consumption commences within the period of the contract. The supply period starts on the date that the contract is signed and the price ruling at the time gas is consumed will be calculated in accordance with the method of price determination chosen by the customer when entering into the contract.

6. Taxation

The prices in this Schedule are exclusive of Value Added Tax, or any other tax, duty or impost.

7. Restriction

Customers may not enter into a contract for the supply of gas, whether firm or interruptible, under this Schedule in substitution of a supply of gas already contracted with British Gas whether under this Schedule or any other Schedule unless agreed by both parties to the contract.

8. Customer's Financial Status

Before entering into a contract with a potential customer, British Gas may require the customer to evidence that he has the financial capability to meet his prospective contractual obligations and that he discharges promptly his payment obligations, failing which or a suitable guarantee of his obligations, British Gas may refuse a supply of gas under this Schedule. A suitable guarantee may include a security deposit and/or direct debiting arrangement.

9. Pressure

The pressures at which British Gas supplies gas vary at different parts of the gas supply system. British Gas will supply gas to a customer at a pressure above the statutory minimum level if this is available at the point of supply. British Gas will use reasonable endeavours to maintain any such elevated pressure. If British Gas expects the supply pressure to reduce to a lower level permanently then not less than 24 months written notice will be given.

10. Interruption

Without prejudice to the rights of British Gas to interrupt supplies of gas provided in accordance with "2: Interruptible Gas" the requirement for a minimum period of interruption shall be deemed to have been suspended unless and until at least three months have expired from the giving by British Gas of notice under the contract with the customer of its intention to implement such minimum period of interruption.

11. Monthly Charges

Where a customer so requests, in respect of any month in which the customer does not consume gas at any premises, the monthly charge or in the case of multiple-premises Agreements, the appropriate proportion thereof, will be deferred until reconciliation which will take place at the end of each of the customer's contract years or at earlier termination of the Agreement.

12. Connection Costs – New Supplies

British Gas will make an allowance towards the capital cost of connection of the gas supply to the customer's premises in order to deliver his Nominated Consumption of gas. Such cost will include pipes, apparatus and metering equipment but exclude outlet supplies beyond the primary meter. The customer may also be asked to make a contribution to the cost as required under the contract. The allowance will be at the following rates providing such allowance does not exceed the capital cost of connection and does not result in the supply being uneconomic in accordance with Section 9 of the Gas Act 1986.

Firm Gas Connections: £120 per thousand therms of Nominated Consumption.
Interruptible Gas Connections: £90 per thousand therms of Nominated Consumption.

CONTRACT GAS PRICING SCHEDULES MEDIUM TERM FIRM AND INTERRUPTIBLE GAS

Ref: MT2 — Effective from: Meter Reading date at the customer's premises on or nearest to 1st October 1990

This Schedule MT2 supersedes but is similar in format and terms to Schedule MT1 effective from 1st April 1990 except that the first 25,000 therms of firm gas consumed at each premises in each contract year will be subject to an Initial Block Price. The Addendum published on 3rd August, 1990 titled "Monthly Charges" is also now included.

Pursuant to Condition 5 of its Authorisation, British Gas will enter into Special Agreements (contracts) with customers under this Schedule MT2 for the supply of gas through pipes to premises which they own or occupy, each premises consuming in excess of 25,000 therms per annum in the case of firm supplies of gas or 200,000 therms per annum in the case of interruptible supplies of gas, on the prices and terms shown in this Schedule subject to the conditions of contract. The prices and terms shown do not apply to supplies contracted under Schedules CSP1, CSP2, FI2, FI3, FI4, MT1, ST1, ST2 and LTI1, back-up gas or to other forms of supply identified in Condition 5 of British Gas' Authorisation.

Gas will be supplied on the basis that the supply is taken for not less than 3 and not more than 10 Contract Years. Customers must commence taking gas under this Schedule on a day within two years of entering into the contract. This day is determined under the contract as the Start Date from which date the Contract Years will run.

The prices shown in the Schedule MT2 shall apply to gas supplied under Medium Term contracts entered into on or after 1st October 1990 for firm or interruptible gas, and this Schedule replaces the Contract Gas Pricing Schedule MT1. The Initial Block Price for firm contracts and the Basic Scheduled Reference Prices for firm and interruptible contracts are shown at "1. Firm Gas" and "2. Interruptible Gas" below respectively. Such prices, except the Initial Block Price, will vary in accordance with the number of premises involved and the specific type of indexation terms chosen by the customer.

Under the contracts a customer will nominate for each Contract Year his annual consumption for his selected type of supply which will determine the Basic Scheduled Reference Price, comprising a Monthly Charge and a price per therm. Notwithstanding this, the Initial Block Price will determine the price of gas for the first 25,000 therms of firm gas consumed at each premises in each contract year. Contracts will contain clauses giving effect to minimum payments and maximum consumption levels and allowing the charges for gas actually consumed to be reconciled against the Nominated Consumption. Reconciliation will normally take place at the end of each Contract Year (See Note 3). For contracts in excess of 5 Contract Years duration, the pricing options will be reviewed at the end of the fifth Contract Year. The customer will then select from the following price options for the remaining period of the contract:

(a) The Basic Scheduled Reference Price will be re-established in accordance with the terms of Schedule MT2 or such Schedule as may prevail at that time in succession to MT2. The customer will then select a specific type of indexation term from those available in that successor Schedule.

or

(b) The price of gas will be determined by the then prevailing Schedule or British Gas regime of prices and terms of supply applicable to the customer's type of supply.

If the customer does not exercise such choice the contract will be terminated forthwith.

Publication of revised prices and other terms may not take place within 28 days of the previously published MT2 Schedule without the consent of the Director General Office of Gas Supply (Ofgas).

Copies of the Schedule and conditions of contract are available from the Registered and Regional Head Offices of British Gas.

1: Firm Gas

(i) Initial Block Price:

The price of gas for the first 25,000 therms consumed at each premises in each contract year shall be 40.98 p/therm. This price will be revised from time to time and will be applied in accordance with the contract terms.

(ii) Basic Scheduled Reference Price:

The price for gas consumed in excess of 25,000 therms at each premises in each contract year will comprise a Monthly Charge (£) and a price per therm (p/therm).

(a) **Standard Terms:** the Basic Scheduled Reference Prices for the nominated annual consumption levels under Medium Term firm gas contracts are given in Table 1.

Table 1: *Firm Gas – Basic Scheduled Reference Price*

Volume Band	1	2	3	4	5	6	7	8	9	10	11	12
Nominated Consumption therms/annum	25,001 to 50,000	50,001 to 100,000	100,001 to 150,000	150,001 to 250,000	250,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	56	56	298	470	613	1,020	2,441	4,472	13,613	21,738	38,972	47,129
	Price per therm (p)											
Single Premises	35.30	35.10	32.10	31.40	30.50	29.50	27.80	26.60	24.40	23.40	22.70	22.40
Multiple Premises	–	35.60	32.60	31.80	31.00	29.60	28.30	27.10	24.90	23.90	23.20	22.90

The price of gas shall be determined, from the Start Date and over the life of the contract save for any review, by the application of an indexation formula to the Basic Scheduled Reference Price of gas according to the specific type of indexation terms chosen by the customer. These choices are set out in Table 2 and incorporated in the contract.

Table 2: *Medium Term Firm Gas*

Indexation Type	A	B
Indexation %	50 Gas Oil 50 PPI	25 Gas Oil 25 Heavy Fuel Oil 25 Coal 25 Electricity

(b) **Seasonal Pricing Factors:** the prevailing Basic Scheduled Reference Prices in Table 1 as indexed by the customer's chosen type of indexation will be adjusted in the months shown by the application of the seasonal pricing factors contained in Table 3.

Table 3: *Seasonal Pricing Factors*

Month	Factor
December, January, February and March	1.0
April, May, October and November	0.95
June, July, August and September	0.85

2: Interruptible Gas

The standard terms of a Medium Term interruptible gas contract apply to gas supplies under a contract of not less than 3 and not more than 10 Contract Years duration to single or multiple premises of the customer, each premises consuming in excess of 200,000 therms per annum.

Basic Scheduled Reference Prices will comprise a Monthly Charge (£) and a price per therm (p/therm).

The periods of interruption will occur at British Gas' discretion and may or may not be continuous. Interruption will take place for a minimum period of 7 days and up to a maximum of 90 days in each Contract Year for each premises although the minimum period of interruption under this Schedule shall be suspended in accordance with Note 12.

The Basic Scheduled Reference Prices for the nominated annual consumption level under the Medium Term interruptible contract are given in Table 4.

Table 4: *Interruptible Gas – Basic Scheduled Reference Price*

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption therms/annum	200,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	741	1,553	3,097	4,396	6,063	6,896	7,938	7,938
Number of Premises	*Price per therm (p)*							
1	21.90	20.00	18.10	17.40	17.00	16.90	16.85	16.85
2	–	21.00	19.10	18.40	18.00	17.90	17.85	17.85
3	–	22.00	20.10	19.40	19.00	18.90	18.85	18.85
4-5	–	–	21.10	20.40	20.00	19.90	19.85	19.85
6-10	–	–	22.10	21.40	21.00	20.90	20.85	20.85
11-20	–	–	–	22.40	22.00	21.90	21.85	21.85
21-50	–	–	–	–	23.00	22.90	22.85	22.85
51-100	–	–	–	–	–	23.90	23.85	23.85
101-500	–	–	–	–	–	–	24.85	24.85
501-1000	–	–	–	–	–	–	–	25.85
1001-2000	–	–	–	–	–	–	–	26.85

The price of gas shall be determined, from the Start Date and over the life of the contract save for any review, by the application of an indexation formula to the Basic Scheduled Reference Price of gas according to the specific type of indexation terms chosen by the customer. These choices are set out in Table 5 and incorporated in the contract.

Table 5: *Medium Term Interruptible Gas*

Indexation Type	A	B
Indexation %	100 Heavy Fuel Oil	25 Gas Oil 25 Heavy Fuel Oil 25 Coal 25 Electricity

3: Umbrella Agreement

An Umbrella Agreement is available, and is applicable to two or more contracts of any type contracted under the terms of this Schedule MT2, Schedule CSP1 as may be varied by Schedule CSP2, together with contracts under Schedules FI2, FI3, FI4, MT1, ST1 and ST2. This Umbrella Agreement will determine the percentage reductions to be applied for gas consumed at all of the premises under the Agreement taking into account the annual payments made for gas consumed and the annual consumptions of gas for all the premises under the Umbrella Agreement. Payments and the consumptions of gas for premises which do not reach the firm contract gas threshold of 25,001 therms per annum or the interruptible contract gas threshold of 200,001 therms per annum at the normal contract reconciliation date will not be included in the calculation. A single calculation and payment will be made after each anniversary date of the Umbrella Agreement or on its termination.

The percentage reduction for each tranche of gas consumed within each twelve month period of the Umbrella Agreement is shown in Table 6.

Table 6: *Percentage reductions to be applied for incremental tranches of gas to the annual payments made for gas consumed at premises covered by an Umbrella Agreement.*

Load Band	1	2	3	4	5	6	7	8	9	10	11	12
Therms p.a.	Less than 50,002	50,002 to 100,000	100,001 to 150,000	150,001 to 250,000	250,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Percentage Reduction	0	0.1	0.15	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

General Notes

1. Conditions of Contract

The notes given in this Schedule summarise elements of the conditions of contract and the way in which they will be applied. They are not exhaustive and cannot take precedence over, or modify, any of the terms and conditions of the contract entered into by any individual customer.

2. Nominated Consumption and Minimum Payment

At the Start Date and at the end of each Contract Year the customer may revise his Nominated Consumption for the next Contract Year within a range of plus or minus 30 per cent. of the Nominated Consumption he originally specified for that Contract Year subject to availability and capacity to supply. The customer shall take, or make a minimum payment for, gas equivalent to 70 per cent. of either his revised Nominated Consumption above or his original Nominated Consumption if no revision has taken place. In determining the Nominated Consumption the resulting minimum consumption level shall always be at or above 25,001 therms for firm supplies or 200,001 therms for interruptible supplies per premises. If the supply has been interrupted at the direction of British Gas, then an allowance will be given for the days interrupted in ascertaining the annual consumption for the purpose of minimum payment calculation.

3. Reconciliation

Charges for gas will be based on the actual annual consumption. In the event that the actual consumption would have placed the customer in a different volume band from that of his Nominated Consumption, including taking account of any variation in the number of premises, then a reconciliation exercise will be undertaken to adjust retrospectively charges for gas consumed in any Contract Year. Reconciliation will be made at the end of each Contract Year or the earlier termination of the contract and will take account of the minimum payment provisions.

If under an interruptible contract the supply has been interrupted at the direction of British Gas then an allowance will be calculated for the days interrupted in ascertaining the annual consumption for the purpose of reconciliation.

4. Multiple Premises

(a) A contract will be available for a firm supply of gas to be consumed at more than one premises owned or occupied by the customer or its Subsidiary and/or Affiliated companies provided each premises consumes more than 25,000 therms per annum.

(b) A contract will be available for an interruptible supply of gas to be consumed at more than one premises owned or occupied by the customer or its Subsidiary and/or Affiliated companies provided each premises consumes more than 200,000 therms per annum save that on an interim basis a multiple premises contract will be available in respect of related supplies historically treated as aggregable under a pre-existing group arrangement and aggregating more than 200,000 therms per annum.

(c) For the purposes of notes 3(a) and (b) above and Umbrella Agreements, Subsidiary companies are as defined under section 736 of the Companies Act 1985, and Affiliated companies are as defined in the contract by reference to the common control of the customer and Affiliate, taking the definitions of control set out in Section 302(2) (b) and (c) of the Income and Corporation Taxes Act 1970.

General Notes for Medium Term Firm and Interruptible Gas continued.

5. Price of Gas
Under the contracts in accordance with this Schedule the mechanism for determining the price of gas, in accordance with the specific indexation terms selected by the customer, shall be set out in a price indexation formula utilising indices which give effect to the indexation terms. Base Scheduled Reference Prices are the prices at 1st April 1990 which are indexed to the six month period July to December 1989.

6. Contract Indices
[illegible]

7. Start Date
[illegible]

8. Taxation
The prices in this Schedule are exclusive of Value Added Tax, or any other tax, duty or impost.

9. Restriction
[illegible]

10. Customer's Financial Status
[illegible]

11. Pressure
[illegible]

12. Interruption
[illegible]

13. Connection Costs – New Supplies
[illegible]

14. Monthly Charges
[illegible]

CONTRACT GAS PRICING SCHEDULES SHORT TERM FIRM GAS

Ref. ST2 — Effective from: Meter Reading date at the customer's premises on or nearest to 1st October 1990.

[illegible]

1: Initial Block Price
The price of gas for the first 25,000 therms consumed at each premises in the Supply Period shall be 40.96 p/therm. This price will be revised from time to time and will be applied in accordance with the contract terms.

2: Scheduled Reference Price
The price for gas consumed in excess of 25,000 therms at each premises in the Supply Period will comprise a Monthly Charge (£) and a price per therm (p/therm).

(i) **Standard Terms:** the Scheduled Reference Prices will be determined for each Month, from the Schedule prevailing at the commencement of that Month, on the basis of the customer's Moving Annual Consumption.
Where the Cumulative Consumption at a premises at the end of any Month is 25,000 therms of gas or less the price of gas to be charged to the customer shall be the Initial Block Price.
The Scheduled Reference Prices for Short Term firm gas contracts are given in Table 1 to which the price adjustment set out in section (ii) below will be applied.

Table 1: *Short Term Firm Gas – Scheduled Reference Price*

Volume Band	1	2	3	4	5	6	7	8	9	10	11	12
Moving Annual Consumption therms	25,001 to 50,000	50,001 to 100,000	100,001 to 150,000	150,001 to 250,000	250,001 to 500,000	500,001 to 1,000,000	1,000,001 to 2,000,000	2,000,001 to 5,000,000	5,000,001 to 10,000,000	10,000,001 to 25,000,000	25,000,001 to 50,000,000	Greater than 50,000,000
Monthly Charge (£)	57	67	286	421	659	1,046	2,504	4,587	13,962	22,295	37,920	48,137
	Price per therm (p)											
Single Premises	36.25	36.00	33.25	32.25	31.25	30.25	28.50	27.25	25.00	24.00	23.25	23.00
Multiple Premises	–	36.50	33.75	32.75	31.75	30.75	29.00	27.75	25.50	24.50	23.75	23.50

(ii) **Price Adjustments for 3, 6 or 9 Monthly Supply Periods:**
The prevailing Scheduled Reference Prices per therm (p) shown in Table 1 will be adjusted by the following amounts:—
(a) plus 1.50p per therm for 3 Month Contracts; or
(b) plus 0.75p per therm for 6 Month Contracts; or
(c) plus 0.30p per therm for 9 Month Contracts.

(iii) **Seasonal Pricing Factors:**
The prevailing Scheduled Reference Prices in Table 1 as adjusted by the charges set out in (ii) above, will be subject to the application of the seasonal pricing factors contained in Table 2.

Table 2: *Seasonal Pricing Factors*

Month	Factor
December, January, February and March	1.0
April, May, October and November	0.95
June, July, August and September	0.85

3: Umbrella Agreement
Subject to meeting the qualifying conditions and volume, contracts under this Schedule will be eligible for inclusion in Umbrella Contracts of the type set out in Schedule F4 and MT2.

General Notes

1. Conditions of Contract
[illegible]

2. Interruptible Supplies
Interruptible Supplies of gas are not available under this Schedule.

3. Multiple Premises
[illegible]

4. Taxation
The prices in this Schedule are exclusive of Value Added Tax, or any other tax, duty or impost.

5. Restriction
[illegible]

6. Customer's Financial Status
[illegible]

7. Pressure
[illegible]

British Gas plc. Registered Office: 152 Grosvenor Road, London SW1V 3JL. Registered in England under Number 2006000.

British Gas

EUROPEAN NEWS

Moscow told 100 metal ventures may fold

By Quentin Peel in Moscow

MORE than 100 large-scale Soviet metal enterprises will not survive without operating subsidies in a market system, leaders of the Soviet Union's huge metallurgical industry warned yesterday.

More than 50 general directors or chief engineers of the country's biggest iron and steel works called on President Mikhail Gorbachev, the Soviet leader, to preserve the industry's centralised co-ordination and distribution system, or face the virtual collapse of the sector.

They said that the latest plans for a crash transition from the centrally-planned Soviet system to a market economy, like the 500-day Shatalin plan backed by Mr Gorbachev and Mr Boris Yeltsin, the Russian president, fail to make any allowance for the Soviet metallurgical industry.

Their appeal, printed in full in Pravda, the Communist Party newspaper, underlines the potentially traumatic upheaval faced by major sectors of the Soviet economy in transition to a market system.

"As a result of abolishing all (central) finance distribution mechanisms within the industry, it will be difficult to keep going all those enterprises which are economically inefficient, but absolutely necessary to normal development of metallurgical enterprises," the directors say. "More than 100 enterprises will need subsidies to support their main activity, and more than 200 enterprises to finance their necessary capital investments."

The appeal to the president came as the Supreme Soviet in Moscow granted Mr Gorbachev new powers to impose economic reform by decree, and agreed that a radical switch to a market economy was essential.

The industry developed as a single industrial complex for decades, the directors said. Much of it was created in the crash heavy-industry programme of the late 1920s and 1930s instituted under Josef Stalin. The industry was based on centralised management, supply, construction and financing, with a high degree of integration between different enterprises.

"The industry's centralised co-ordination remains an objective necessity, but such co-ordination is not envisaged by the planned economic reforms."

The directors insisted that they still believed in transition to a market economy as "the only way to develop the national economy," and also supported the transformation of their state enterprises into joint-stock companies, combining shareholding with state ownership.

However they said the state must keep a majority shareholding in all the enterprises, and keep them as coherent units. They should not be broken up to satisfy the demands of the union republics for local control, but rather redistribute their profits between the republics and the union.

● Soviet exports of naphtha to north-west Europe's spot markets for refined oil products are down at least 30 per cent on the year, and some supply cuts have also occurred in Mediterranean region, Reuter reports from Moscow.

"Presently deliveries are down by at least 30 per cent. I don't know if they can increase their supply for the last quarter of the year to catch up, but I doubt it very much," one user said.

"I have only seen one (Soviet cargo) this month and have been told there is nothing else coming out," another said.

Leningrad's mayor, Anatoly Sobchak, yesterday urged the Supreme Soviet to go for radical reform

Washington presses hard for political deal with EC

By John Wyles in Rome

THE Bush Administration is pressing hard for a successful outcome to quiet negotiations currently underway with the EC on a framework agreement designed to strengthen the transatlantic relationship in the post-Cold War era.

Originally a West German initiative, the agreement is seen by both sides as a necessary affirmation that their intention to co-operate still more closely in world affairs will not be diminished by the shrinking of the security threat from the Soviet Union and the European Community's preoccupations with its own development.

Mr Robert Zoellick, the chief adviser to Mr James Baker, the US secretary of state, told an audience of Community officials and members of the European Parliament attending a conference at Annapolis in the US at the weekend that a stronger association between the US and the EC should be the basis for "working together on the problems of regional conflict and proliferation". The close working relationship would become more important as the Community strengthened its own political co-operation machinery, said Mr Zoellick, and new consultative arrangements should be used to address a broad range of international problems and initiatives.

This strong statement of commitment to securing the framework agreement was partly aimed at urging some EC member states to overcome their reservations about its timing. The current aim is to sign the agreement on the eve of the Conference on Security and Co-operation in Europe summit in Paris on November 21.

This is very close to the opening of the Uruguay Round trade negotiations in Brussels in early December where US-EC differences over agriculture and other matters could yet put an agreement beyond reach. It is argued that such an embarrassing breakdown could only damage the credibility of the new joint declaration to work together to solve major international problems.

Mr Baker argued for a more formal underpinning to the US-EC relationship, possibly including even a treaty, in a speech in Berlin last December. For a variety of reasons EC governments do not want to consider a Treaty until after they have completed their inter-governmental conference on political union – including moves towards a single foreign policy – which begins in December.

In the meantime, the framework agreement will stress the common values to which the two sides are committed and will formally codify deeper consultation arrangements which were agreed earlier this year.

These provide for more regular meetings between the US president and the presidency of the Commission and the Council of Ministers, between the secretary of state and EC foreign ministers and between officials at various levels.

Lukewarm backing for Mediterranean plan

By Peter Bruce in Palma, Majorca

A JOINT proposal by Spain and Italy to create a permanent Conference on Security and Co-operation in the Mediterranean (CSCM) was given a lukewarm reception at its public launch in Palma yesterday.

The proposals were launched during the opening ceremony of the follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE) which will concentrate on environmental issues over the next few weeks.

Mr Francisco Fernandez Ordonez, Spain's Foreign Minister, and Mr Gianni De Michelis, his Italian counterpart, cited renewed tension in the Gulf as an example of why a CSCM, modelled on the CSCE which has helped shape East-West relations since 1975, was now urgently needed.

But some senior Western delegates to the month-long CSCE meeting were critical of the opening of the conference being used to launch the CSCM proposals. "It is an interesting idea, but this is not the place to talk about it," said one.

It also emerged that France has deep reservations. Paris wants to limit a CSCM to Western Mediterranean countries initially, then slowly extend it eastwards. But the French are understood strongly to oppose drawing in Middle East countries not on the Mediterranean.

Mr De Michelis said: "I don't see how we can have a conference on the Mediterranean without including the Middle East". Spain and Italy concede that drawing a broad-based conference together would require time and patience, but a conference on rules and principles stood a much better chance of winning support from countries in conflict in the Middle East than a straightforward peace conference.

Egypt, Syria and Jordan had shown a keen interest in joining a CSCM and Iran would be canvassed shortly, Mr De Michelis added. Mr Ordonez, opening the conference, said that with the end of the cold war "a new era is dawning for the Mediterranean. The events in the Gulf have given dramatic evidence of the absence in the region of any system for crisis prevention and management."

Walesa's ambitions may leave scars

By Christopher Bobinski in Warsaw

THE bid for Poland's presidency by Mr Lech Walesa could leave deep scars within the Solidarity establishment if a meeting at the weekend at state TV headquarters is anything to go by.

Mr Walesa, who last week declared his intentions to run, in contrast to Mr Tadeusz Mazowiecki, the prime minister who has yet to decide, has started his campaign even though it has yet to be officially opened.

Mr Mazowiecki told his supporters at the weekend that he would make his intentions clear once Parliament had passed an election law formally opening the campaign.

Earlier Mr Walesa met with Solidarity members at the television's headquarters. There, they made no secret of the fact that they thought that Mr Andrzej Drawicz, a Mazowiecki appointee and the present head of radio and TV, would favour the premier in coverage during the campaign.

Assurances by Mr Drawicz, whose anti-communist credentials have never been in doubt, that coverage would be fair were greeted with jeers and ironic laughter by hundreds who had attended the meeting. Mr Walesa coldly answered "then I see I won't have any problems in winning and I am convinced that then you shall show respect for the President".

There has been so much mistrust that Mr Walesa's appearances on TV have been edited, not in Warsaw, but at local Gdansk TV headquarters loyal to the union chief.

In addition, many Solidarity supporters in the broadcast media have criticised the government and Mr Drawicz for being too tolerant and not sacking people connected with the former communist authorities. In answering questions, Mr Walesa clearly signalled that purges could be expected once he came to power.

Mr Mazowiecki's supporters have argued that wholesale sackings could lead to chaos and disorganisation.

Mr Walesa told the TV and Radio staff: "Sometimes evolutionary methods can cost as much as revolutionary ones." It is a theme which he can be expected to repeat around the country and it will go down well with people frustrated by the lack of economic progress and keen to find scapegoats.

Other populist promises Mr Walesa showed at the meeting he will be pursuing are that unemployment can be avoided, wages should be higher and that factory closures should wait until a new private sector has been developed which can absorb the excess labour.

Papandreou re-elected head of Greek Socialists

By Kerin Hope in Athens

MR Andreas Papandreou, the former Greek prime minister, was re-elected leader of his pan-Hellenic Socialist Movement by acclamation at a party congress which was nonetheless marked by sharp criticism of the Socialists' performance during eight years in power.

The congress yesterday elected a new 140-member central committee after formally approving Mr Papandreou's decision – carried out several months ago – to take Pasok into the Socialist International.

The party has gradually moved away from its radical Marxist origins as it seeks to build a new moderate image following three election defeats in the past year. At the four-day congress resolutions were passed to encourage diversity of opinion within party ranks and promote women members, issues that had eroded support for Pasok especially among middle class voters. Delegates made few references to the financial scandals which contributed heavily to Pasok's election message. Mr Papandreou is still under investigation for allegedly taking some of the proceeds of a $200m (£106m) embezzlement at the Bank of Crete.

The exception was Mr Costas Simitis, a respected former economy minister with aspirations to succeeding Mr Papandreou as Pasok leader. He spoke openly of socialist involvement in the bank scandal and went on to call for a more responsible approach to voters without recourse to "slogans that raise expectations but bear no relationship to reality".

While Mr Papandreou, 71, seems to have avoided any challenge to his leadership for the time being, he is likely to come under increasing pressure to share decision making with leading party officials.

France to take stake in Polish bank

By Christopher Bobinski

FRANCE'S Crédit National bank will take an Ecu2m (£1.39m) nominal stake in a new Polish government development bank (PDB) which is being set up by the authorities in Warsaw.

The Polish Development Bank, which will have an initial capital worth Zlotys 800bn (£45m) will provide long-term loans to enterprises in the state sector which are undergoing restructuring before privatisation.

The PDB, which will also provide funds for buy-outs of medium and small-scale state enterprises, is expecting two other Western government development banks to take share capital. It is also hoping for additional funding in the form of a loan from the EC.

Another French bank, the Caisse Central de Credit Cooperatif, is providing technological and training assistance to Poland's Bank of Social and Economic Initiatives (BISE). This is a new state-owned bank which aims to create jobs for the unemployed which now exceeds 800,000. With an initial capital of Zlotys 285bn, the BISE will concentrate on encouraging small-scale business.

Fifteen western banks, including Citibank and Deutsche Bank, have already opened offices in Poland and according to Mr Matthew Olex, an adviser to the finance ministry, up to seven wholly or partially-owned foreign branches could open branches by the end of March 1991.

These include Creditanstalt from Austria and a consortium including the International Finance Corporation, the World Bank affiliate, and the Dutch AMRO Bank as well as the Banca Commerciale Italiana.

Helsinki sees German union ending forces curb

FINLAND'S government considers that the Paris Peace Treaty of 1947 limiting the country's defence forces will no longer be binding after the reunification of Germany, Enrique Tessieri reports from Helsinki.

Some of these curbs stipulated that the country's ground forces could not exceed 34,400 men and that Finland's defence forces could not acquire submarines, guided missiles and bombers.

The changes, likely to jolt Finnish foreign policy out of its deference to its eastern neighbour, will also include a reappraisal of Article One of the 42-year-old treaty of Friendship, Co-operation and Mutual Assistance (FCMA) with the Soviet Union.

However, President Koivisto says the FCMA continues to serve the security interests of both countries.

Ruling Bulgarian party in bitter leadership dispute

By Judy Dempsey

BULGARIA'S ruling Socialist (former communist) party was last night locked in bitter disagreement over the composition of its new leadership.

The delay on an issue which will determine the pace of the country's economic, social and political reforms, stems from the deep divisions in the party between the older generation of communists who remain hesitant about dismantling the power of the state, and the younger generation of radicals who want a complete break with the communist era.

The party won a comfortable majority in last June's free elections and until yesterday was led by Mr Alexander Lilov, a lacklustre apparatchik. Not prepared to take risks he was unwilling to alienate the conservative faction of the party.

Until the early 1980s, Mr Lilov had close links with the Zhivkov family but was demoted by Mr Todr Zhivkov, ousted in a bloodless palace coup last November.

But yesterday, following two days of debate at the party's emergency congress, Mr Lilov said he would resign and asked delegates not to nominate him for the chairmanship again. "The party needs a leader who is worthier and more pragmatic than I am, in short a better leader," he said. But last night delegates had not decided whether to accept his resignation.

The composition of the new leadership will be crucial for Mr Andrei Lukanov, the Prime Minister and a senior member of the BSP. Last week, he finally formed a new government without including members of the Union of Democratic Forces, the largest opposition.

The problem Mr Lukanov faces is that if a conservative leadership is returned, he cannot rely on the BSP to throw its support behind his reform programme. Without such support, he is unlikely to persuade the BSP-dominated Parliament of the need to provide a comprehensive economic and social programme for the 1990s.

Soviet Union 'needs a strong central bank'

By Peter Riddell, US Editor, in Washington

THE Soviet Union needs a strong central bank and a single currency if it is to handle its serious economic problems, according to the International Monetary Fund-led study of the country's economy.

The call comes as worries of the IMF and other western financial officials about possible economic disintegration of the Soviet Union have been underlined by the arrival at this week's IMF and World Bank meetings of a delegation from the Russian Republic, as well as the officially-invited group from the Soviet government and central bank.

Mr Michel Camdessus, IMF managing director, stressed the Soviet Union's urgent problems, particularly finalising the union treaty between the constituent republics. He hoped "they will adopt solutions which would allow the country to be properly managed with all the necessary instruments for monetary policy and macro-economic management of the country."

Mr Barber Conable, president of the World Bank, which is also involved in the study, has said: "Fairly early in the process of reform, you've got to get a central financial authority capable of allocating resources according to demand instead of political command."

In private, western financial officials noted the contrast between the moves to monetary integration and a single central bank in western Europe, and the suggestions of a number of individual Soviet republics for establishing their own central banks and issuing their own currencies.

The IMF study, set up by the Houston summit of the heads of government of the Group of Seven industrial countries, is due to report by year-end on Soviet problems and needs and how any western assistance might be useful.

A report from Mr Camdessus on the Soviet study has been given to finance ministers and central bankers in Washington. The main problem has been establishing the right factual basis for assessing what needs to be done, since the available data mainly relate to quantities in centrally-planned programmes than what is normal in a market structure.

Mr Camdessus and others have talked sympathetically about possible eventual Soviet membership of the IMF and the World Bank, though there has been no formal application yet, nor any discussion at the meetings.

It is now a live issue for the first time. Mr Pierre Bérégovoy, French finance minister, said that while the Soviet Union might be politically ready, "economically it is another matter". US officials also regard the issue as premature.

US officials are concerned about the energy, and especially oil supply, position in the Soviet Union and Eastern Europe. President Bush recently offered technical assistance to Moscow on oil development.

East Europeans must settle for advice instead of cash

By Stephen Fidler in Washington

EAST European governments are being welcomed into the international financial establishment this year in Washington. But they are finding advice easier to come by than cash – certainly as far as private banks are concerned.

Czechoslovakia and Bulgaria are joining the International Monetary Fund and World Bank at this year's annual meetings. Romania, a long time member of the two institutions has also joined the International Finance Corporation, the Bank's private sector development arm.

With Poland, Hungary and Yugoslavia already in the fold, the Soviet Union is attending the meeting for the first time as "special invitees".

For members of the institutions, some money will be forthcoming – at least from official sources. At the start of the year Poland secured a standby loan from the IMF and a $1bn credit from 24 donor countries to keep its currency stable while price reform was being undertaken.

The pattern is likely to be followed by Czechoslovakia at the end of this year. It wants similar financial help for its dramatic trade, price and foreign exchange liberalisation proposed at the start of next year. Even Mr Theodor Stolojan, Romania's finance minister, has indicated here that it would like a similar programme while the lei is made convertible.

Stabilisation of the overall economy has been made even more difficult for east Europe by the Gulf crisis, which comes on top of a severe regional energy problem.

The collapse of the Comecon trade bloc and a requirement by the Soviet Union that its oil should be paid for in hard currency and at market prices has hit the region hard.

The Soviet Union's decaying oil infrastructure has reduced supplies and left some countries with few alternative sources of supply. But despite this, stabilisation is now being recognised as a relatively easy part of the exercise. Far more difficult is the question of structural reform of east Europe's micro-economic systems – the issues from legal reform to guarantee property rights through to privatisation.

Here there is no single pattern emerging in the region and the advice of the Bank and IFC is perhaps as important as the funds they will be able to provide. Mr Vaclav Klaus, Czechoslovakia's acerbic finance minister, disclaims any similarity between the track his country is taking and that being followed by other countries, such as Poland.

Observers, such as Mr Eugenio Lari, head of the World Bank's Europe, Middle East and North Africa Department, believes that after years of having an economic system forced on them from outside, the countries of the region are unlikely to submit to another economic template.

Asked what he has learned from the experience of the last year, Mr Jacob Frenkel, economic director of the IMF, says it is now clearer than ever that the privatisation process will be a very long one.

Because of this he sees as desirable a method of imposing market discipline on state enterprises. "The issues of efficiency and ownership can be separated," he suggests. Mr Klaus disagrees strongly. He believes privatisation must be accomplished quickly to lift the dead hand of state bureaucrats from manufacturing industry.

Because of the speed of privatisation, its large scale – he estimates almost three-quarters of the state will be privatised – and the lack of domestic capital. He is proposing that vouchers should be distributed at nominal cost to the public. The public would use the vouchers to buy shares in state enterprises.

Because of this system foreign investment in the enterprises will mainly have to come after and not before privatisation.

It is the privatisation issue that seems most to interest the private financial institutions of the West. Finance ministers are often overwhelmed by the stream of "experts" who line up outside their offices – often says Mr Klaus offering inappropriate advice. For example, many of his US visitors have tried to press upon him the importance of employee stock ownership plans (Esops) as a method of privatisation.

But such ideas he says are like icing, and in a country where property rights are still fuzzy, there is not yet a cake.

The Czechoslovaks have displayed impatience with international banks. They have clearly suffered – like the Hungarians, who have also serviced their debts, but have a significantly higher debt burden – from a "neighbourhood problem".

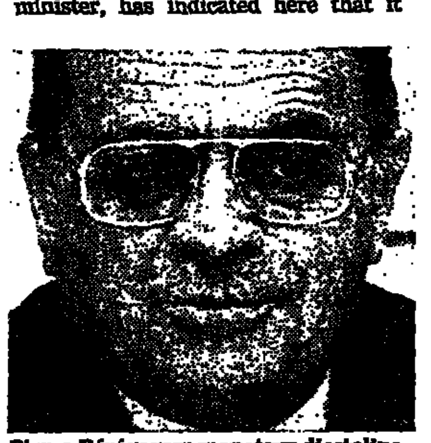
Poland's and Bulgaria's halt on all payments to banks and the problems on payments of the Soviet Union's trade debts have hit those with a better debt service record.

Mr Josef Tosovsky, Czechoslovakia's central bank governor, says only banks that have been help to his country in foreign lending will be given licences to open banks in the country.

But it's not likely that there will be any rush to do that, particularly with the German banks giving the impression that they are too wrapped up in German unification to think much for now about the rest of east Europe.

In Poland, only two foreign banks have indicated publicly that they want to open branches – Citicorp of the US and NMB Bank of the Netherlands.

These two banks are among a minority showing interest in the domestic banking picture. A handful of others are falling in behind the International Finance Corporation on joint venture commercial banks in Hungary – where one is already established – and Poland, where agreement is expected soon.


Pierre Bérégovoy: monetary discipline

France urges sterling's entry into ERM

By Peter Riddell

STERLING should enter the exchange rate mechanism of the European monetary system "as soon as possible", Mr Pierre Bérégovoy, France's finance minister, said yesterday.

Mr Bérégovoy said in Washington that the monetary discipline involved had helped other participants bring down inflation. "A strong currency is a strong rampart against inflation."

He noted that, when there was market talk of sterling joining the mechanism, the pound's exchange rate went up. The converse happened when there was talk of it staying out. Early entry would be good both for Britain and for the building of Europe, he said.

Commenting on the weekend meeting of the Group of Seven industrial countries, he said the communiqué was intended to signal that exchange rates were currently "all right".

"What we're saying today is that exchange rates are broadly consistent with fundamentals."

Mr Bérégovoy added that, if the dollar declined further because of developments in the US or elsewhere in the world, ministers "would have to consult and decide what to do". Like Mr Nicholas Brady, US treasury secretary, Mr Bérégovoy stressed the twin risks of inflation and recession and added the prime objective was to avoid a rise in global interest rates. He stressed the global need was to avoid "escalating interest rates".

In relation to France at least, he added, because of the currency's strength "a certain degree of leeway might manifest itself" in the coming period.

Brady asks debtors to reach deals

MR Nicholas Brady, the US treasury secretary, yesterday urged Brazil to address the problem of its commercial bank arrears, Reuter reports from Washington.

Mr Brady's remarks, prepared for delivery before the International Monetary Fund and World Bank development committee, said that "action by Brazil to address its commercial bank arrears and to adopt an IMF programme will also provide a firm basis for negotiations with its creditor banks".

Mr Brady also encouraged Bolivia, Ecuador, Poland and Uruguay, that have opened discussions with commercial banks, to reach agreements quickly.

Brazil, which has tentatively set October 10 to begin debt negotiations with its commercial bank creditors, said it wanted an agreement as soon as possible with creditors on rescheduling its $115bn debt, but any deal must reflect the nation's ability to pay.

"To ask or demand the impossible will not be the solution," the central bank president, Mr Ibrahim Eris, said yesterday.

"Brazil will pay what it can pay, we will not pay what we cannot pay. It's a payment capacity problem." Mr Eris said the success of an economic reform programme introduced earlier this year by Brazil hinged on a speedy settlement of the debt problem.

Britain argues aid must target poorest countries

By Peter Norman in Washington

BRITAIN has proposed that a greater proportion of aid flowing to developing nations should go to the poorest countries.

Mr Tim Lankester, permanent secretary in the UK Overseas Development Administration, said yesterday this was already the case with Britain, which sent 70 per cent of its aid to the world's 50 most impoverished countries.

He told the development committee of the International Monetary Fund and World Bank that donors should ensure more of their aid directly helped the poorest people in recipient countries and added that poor nations which were making a genuine effort to overcome poverty should be given preference.

One test was whether a country had in place economic policies that encouraged growth.

Earlier, Mr John Major, UK chancellor, told the committee that economic reform in developing countries required the fostering of private enterprise and government institutions that were open, honest and accountable.

The chancellor outlined his four-point plan to ease the official debt burden of the poorest developing nations to the committee.

He also called for agreement on a clear timetable for decision on an "early and substantial" capital increase for the International Finance Corporation, the World Bank affiliate that promotes private-sector business in developing nations.

■ IMF/WORLD BANK NOTEBOOK

Monetarist conversion on the road to Washington

By Stephen Fidler and Peter Norman

IN AN atmosphere of almost religious conversion by some countries to market economics, some ministers in Washington are developing a reputation for zealotry. Leader among them is Mr Vaclav Klaus, Czechoslovakia's finance minister.

He dismisses the reported suggestion there are differences between himself and his president, Mr Vaclav Havel, about the pace of economic reform. There is no alternative, he says, to rapid restructuring of the economy.

Mr Klaus developed some notoriety when he launched an attack on Federal Reserve chairman, Mr Alan Greenspan, at a recent convention in Wyoming. Mr Greenspan was taken aback. "I'm used to being criticised," he is reported to have said afterwards, "but not from the right." In Washington he has taken to comparing ironically Czechoslovakia's privatisation programme, expected to cover 70 per cent of the economy, with the "brave" privatisation effort of Mrs Thatcher's Government, totalling 5 to 6 per cent.

■ MR Jacques Attali, the president designate of the European Bank for Reconstruction and Development, is emerging as the stormy petrel of the international monetary scene.

He has ruffled the feathers of finance ministers and central bankers of the world's richest countries by rechristening his bank the "Bank of Europe".

The title had already appeared on EBRD publicity material before this week's International Monetary Fund and World Bank meetings in Washington. But trouble really started after Mr Attali used it extensively in a talk to the Bretton Woods Committee.

Mr Karl Otto Pöhl, the Bundesbank president, was quick to condemn Mr Attali's action as unacceptable. He pointed out that European central bank governors were discussing the possible creation of a European central bank and might want to call it the Bank of Europe.

Mr Pöhl complained that this was not the first time that somebody had adopted a name for a new institution without consultation. The European Commission, for example, had dubbed the proposed European central bank the Eurofed without telling anybody. The central bankers had later rejected this because they considered the word Fed to be slang.

Mr Theo Waigel, the West German finance minister, was even more dismissive of Mr Attali's action. "When I signed up to that bank it was called the European Bank for Reconstruction and Development," he said, adding that in the international pecking order it ranked behind the IMF, World Bank and the Paris-based Organisation for Economic Co-operation and Development.

■ THE recent news that Mr Attali had recruited Mr John Flemming, the Bank of England's chief economist, to be the EBRD's general counsel and economist has triggered speculation about who should now go into the Bank of England job.

Professor Alan Budd, chief economic adviser of Barclays Bank, has been tipped as one possible candidate. However, the Bank has an excellent economist nearer to hand. Prof Mervyn King, head of the financial markets group of the London School of Economics, is already a member of the Bank of England court.

He is at present carrying out research in the United States, but that is expected to be finished well before next March when Mr Flemming moves to the EBRD.

■ THE IMF had no sooner got accustomed to the idea of a Soviet delegation attending this year's meeting, than it received news that the Russian Federation had also sent a high powered team to Washington.

But while the Soviets enjoyed widespread access to this week's events by virtue of being "special invitees", Mr Boris Yeltsin's delegation are strictly unofficial visitors.

AMERICAN NEWS

De Klerk reform efforts win show of support from Bush

By Lionel Barber in Washington

PRESIDENT George Bush welcomed President F.W. de Klerk to the White House yesterday in a show of support for his efforts to dismantle apartheid and create a multi-racial democracy in South Africa.

Mr de Klerk, looking pleased at the outset of his one-to-one talks with Mr Bush in the Oval Office, said: "It's marvellous to be here."

Before the talks, US officials said Mr Bush's aim would be to pay handsome tribute to Mr de Klerk for his reform efforts. But this praise would be tempered by a warning that further progress must follow if economic sanctions are to be lifted.

The White House session was the first meeting between Mr de Klerk and Mr Bush, and the first time a South African head of state has paid an official visit to Washington since Mr Jan Smuts arrived in 1945.

Mr de Klerk said on his arrival that he would not press Mr Bush for relief on sanctions, but would argue that pressure against Pretoria was no longer necessary because the regime was "irreversibly" committed to reform.

Mr Bush invited Mr de Klerk after the South African president released Mr Nelson Mandela, the black nationalist leader, from prison.

Mr Mandela was given a tumultuous reception during a 12-day tour of the US in June, although his reception at the White House was cooled by equivocal statements on violence.

The de Klerk visit has been overshadowed by the recent upsurge in violence in South African black townships which has seen more than 1,700 people killed this year.

Anti-apartheid demonstrators have re-appeared this week in Washington, succeeding in influencing the congressional black caucus to cancel its scheduled meeting with Mr de Klerk.

Mr Randall Robinson of Transafrica, one of the driving forces behind the 1986 sanctions legislation, said the de Klerk visit was nothing more than "a superficial photo opportunity to put a smiling face on a sad and tragic situation".

Mr de Klerk will meet congressional leaders today and will deliver a speech at the National Press Club in an effort to persuade opinion leaders that South Africa is irreversibly committed to ending minority rule.

Talks over US budget resume against a fractious backdrop

US BUDGET negotiators resumed talks yesterday amid signs of increasing strain between the White House and congressional Republicans over how to agree to cut the deficit, writes Lionel Barber.

The latest evidence of friction emerged after Senator Robert Dole, Republican minority leader, endorsed higher income taxes on wealthy Americans to offset President George Bush's proposed cut in capital gains tax.

In response the White House said budget negotiators were "not even close" to an agreement in the four-month talks aimed at cutting the federal budget deficit by $50bn in fiscal 1991 and $500bn over the next five years. Divisions remained on the detail of spending cuts and the means to enforce a deal.

Mr Dole's endorsement of higher taxes falls short of Democrat demands to raise the taxes on higher income to 33 per cent, but it means the Republican leader has split ranks with the White House twice in the past week.

Last week Mr Dole suggested separating the capital gains tax cut from the deficit reduction package. The proposal met a cool reception at the White House, which suspected a ploy to defer, or even ditch, the capital gains cut.

Like most negotiators Mr Dole is frustrated at the slow pace of the budget talks and the threat of automatic spending cuts – totalling $85bn – unless agreement is reached by October 1. But he has a special interest in the negotiations.

During the 1980s Mr Dole often emerged as the man who could produce the right compromise at the right time to break stalemates between the executive and congress.

He is also a "balanced budget" Republican who has little time for "new age" Republicans such as Congressman Newt Gingrich, the House minority whip, who consider tax cuts sacrosanct.

A former Republican presidential candidate in 1988, Mr Dole is still bitter about the role played by Mr John Sununu, then governor of New Hampshire and now White House chief of staff, in his election defeat. "My view is the White House should negotiate capital gains," said Mr Dole at the weekend, "... so let Sununu work that out."

Mulroney may 'pack' Senate to get his way

By Bernard Simon in Toronto

MR Brian Mulroney, Canada's prime minister, has threatened to use an obscure constitutional provision to pack the federal Senate with government supporters as a way to overcome opposition attempts to stall key legislation.

Faced with widespread hostility to legislation for a new 7 per cent value-added tax, due to take effect on January 1, Mr Mulroney also named another five supporters of his ruling Progressive Conservative Party to bolster government support in the non-elected upper chamber.

Mr Mulroney has filled 15 Senate vacancies in the past month, but even with these appointments the Tories still fall short of a majority in the 104-member chamber.

Supporters of the opposition Liberal Party hold 52 seats, thanks to a rash of appointments made in the dying days of the last Liberal government in 1984.

The Canadian constitution allows the government of the day to enlarge the Senate by up to eight members. Mr Mulroney said he was considering using this provision.

Ford Canada strike settled

THOUSANDS of Canadian Ford workers overwhelmingly approved a three-year contract late on Sunday, ending an eight-day strike, the Canadian Auto Workers union said, Reuter reports from Toronto.

More than 85 per cent of the 12,800 workers voted for the pact, the union said. The settlement will serve as the basis for contracts still to be negotiated with General Motors of Canada and Chrysler of Canada.

Fujimori's austerity drive backfires

Sally Bowen on a miscalculation that has sent Peru's prices soaring

A BEWILDERED woman stood weeping on the pavement outside the Lima electricity company's offices. Her August bill was twenty five times higher than July's and equivalent to her husband's entire monthly wage packet. "If we pay this, how can we eat?" she asked.

Similar scenes are being enacted across Peru, the consequence of a substantial government overshoot on price adjustments.

The economic team of newly elected President Alberto Fujimori has miscalculated. It had expected austerity measures, announced on August 8 by Premier Juan Carlos Hurtado Miller, to result in 200 per cent inflation for the month, with the exchange rate doubling immediately to 450,000 intis to the dollar.

But built-in inflationary expectations during the 10-day delay between President Fujimori assuming office and the announcement prompted private companies to double or triple prices even before the first price increases – a staggering 3,000 per cent jump in petrol and an eight- to twelve-fold rise in electricity and water costs.

Peruvians are ill-equipped to absorb such severe "stabilisation". Under the previous five-year administration of Mr Alan Garcia they had seen the purchasing power of the legal minimum wage halved. With Mr Fujimori's measures the paltry remainder has fallen by a further 70 per cent.

Apart from sporadic looting in the wake of the price increases, Peruvians have reacted with accustomed resignation. Tight security control and an increased police and army presence on the streets of the capital Lima have dissuaded further of violence.

The nub of the Fujimori stabilisation programme is zero monetary emission. Tight liquidity controls mean the exchange rate is intended to stay at about 450,000 intis against the dollar until the end of the year.

According to one approving economist, "the inflationary tiger has been stopped dead in its tracks". An official inflation rate of 1.5 per cent for the first fortnight in September bears him out.

Mr Garcia's familiar yawning fiscal deficit may disappear altogether this month. Three new taxes – a temporary 10 per cent levy on exports, a hefty tax on higher fuel prices and a 2 per cent charge on all cheques written – are expected to haul in revenue.

But there are fears the recession has cut too deep. Production levels, already low, fell by about 40 per cent last month. Independent economists are forecasting a 25.8 per cent drop in gross domestic product between August and December, signalling an overall 5 per cent fall for 1990.

Most businesses are publicly supporting the government measures. But they are wary. "They see the programme is working and they want it to work. But they are not totally convinced. They still aren't changing their dollars into intis," one economic consultant said.

Exporters, the intended leaders of economic reactivation, are also grumbling. The low dollar, barely half of what they consider "parity", combined with emergency taxes and sharply higher transport costs, makes them "worse off than ever," according to an Exporters' Association committee head. They anxiously wait to see whether tariff announcements, again delayed but promised this week, will improve their position.

The best most Peruvian companies can hope for is survival until December, with the prospect of gradual but unspectacular growth following. But most companies are laying off workers and, with huge electricity and fuel bills looming, are cutting every possible operational cost. Interest rates are tumbling but no one wants to borrow. Sales are 60 per cent down across the board. Prices must fall, according to traders.

Outside Lima, life is even more difficult.

One of Peru's worst droughts in 50 years has been afflicting Andean peasant farmers since the start of the year. There is a desperate lack of seeds for this season's planting, now under way, with the consequent danger of further food shortages in 1991.

Farmers also face tighter and more expensive credit. The state Agrarian Bank has been accustomed to swallowing up three-quarters of the intis printed by the Central Reserve Bank. But with the zero emission policy, finance for this season's agricultural campaign will not exceed $300m (£159.5m). Farmers will have to pay real interest rates too.

Mr Hurtado Miller estimates 11m Peruvians, about half the population, are suffering "critical poverty". The social compensation programme is believed to be reaching few of the needy outside Lima, and Mr Fujimori has already had to replace the programme's controller in the face of multi-party criticism. About $415m should be made available between now and December.


Alberto Fujimori: distanced himself from adjustments

Mr Fujimori, who campaigned on a "no-shock" programme, has distanced himself from the austerity adjustment.

The premier and cabinet, widely considered dispensable, make the unpopular announcements, while the president has intervened on behalf of the people to demand sharp decreases in prices of medicines, or to decree that August electricity bills be paid in three instalments next year.

Mr Fujimori's task will become no easier. His Cambio (Change) 90 party has fewer than a quarter of the seats in Congress, so support from other parties must be sought continuously.

So far his request for emergency legislative powers has not been granted and there is mounting opposition to his designated candidate for the important central bank presidency.

With his own improvised party frequently split, Mr Fujimori needs to hang on to the popular support he still enjoys – more than 50 per cent, according to a survey published this week.

SUSPECTED leftist rebels

SUSPECTED leftist rebels have kidnapped at gunpoint the vice president of the Peruvian legislature's lower house, seizing him from in front of his mother's house in a Lima shanty town, AP reports from Lima.

Authorities said yesterday the two men with pistols who took Mr Giraldo Lopez Quiroz, a member of President Alberto Fujimori's party, were probably members of the pro-Cuban Tupac Amaru Revolutionary Movement. The movement is one of two leftist insurgent groups in Peru.

The kidnappers made no immediate demands.

AMERICAN NEWS

Sandinistas join trade unions in austerity protest

By Tim Coone in Managua

A CAMPAIGN of civil disobedience against the Nicaraguan government's austerity programme was launched at the weekend by the opposition Sandinista party and affiliated trade unions, as cabinet ministers prepared for talks in the US with the IMF and the World Bank.

Measures called for include the occupation of state factories and farms facing privatisation, the non-payment of electricity and water bills and an escalating series of demonstrations and strikes to halt lay-offs in the public sector.

Mr Lucio Jimenez, head of the powerful National Workers' Front (FNT), Nicaragua's biggest trade union federation, said on Sunday that "at some point, we must consider calling upon the armed forces to defy the government but for the moment this is not necessary".

The existing armed forces were created under the Sandinista government which is now in opposition. They face a 30 per cent manpower cut by the end of the year under plans announced by the government at the weekend.

The army has sought funds from the government for jobs and housing for its redundant soldiers but the government's new austerity measures have only earmarked funds sufficient to last two to three months in unemployment benefits for those being laid off in the army and public sector.

Army manpower has been cut by 50 per cent from 90,000 troops at the beginning of the year. Under-employment and unemployment in Nicaragua is unofficially put at 40 per cent of the economically active population.

Last week, as busdrivers occupied depots over plans to privatise public transport in the capital, the government appealed to the trade unions and the business sector to join it in talks about the framework of its new structural adjustment policy.

The FNT refused, saying that the unions were being asked to rubber-stamp decisions already taken in preparation for Nicaragua's talks this week with the IMF and World Bank over structural adjustment loans.

Mr Bayardo Arce, a Sandinista party boss, told the Financial Times: "We are not going to endorse an economic policy of the government which sweeps away the social advances made over the past 10 years".

A general strike organised by the FNT last July brought the country to the verge of civil war, when rightwing paramilitaries assaulted the strikers' picket lines and barricades.

In the past week, a new clandestine leftwing organisation calling itself the "Workers' Revolutionary Committee" (CRT) has been calling journalists to say it is arming itself and preparing for a confrontation with the right-wing paramilitaries.

Untangling the complexities of an imperfect market

Jurors find it hard to concentrate on the work of the Chicago futures exchange, writes Barbara Dunn

The last two of three scheduled trials of futures traders and brokers are underway in Chicago and the government prosecution and the defendants' lawyers are battling not just their cases but the soporific effect these have on the juries.

Fourteen yen traders and brokers and 10 soyabean traders and brokers are standing trial for allegedly cheating customers. All are charged with multiple counts of criminal fraud and many face in addition the more serious charges of racketeering conspiracy, designed for organised crime mobsters. These latter charges carry jail sentences of 20 years or more and oblige forfeiture of personal assets acquired with the proceeds of the conspiracy.

Yet, no matter the gravity of charges, lawyers' explanations of the arcane business of futures trading had jurors nodding off or fidgeting heroically to stay awake, raising the practical question of how to try such complex cases before juries.

The trials are expected to wear on for up to six months. The ability of a jury to understand futures trading cases thoroughly enough to arrive at conclusions remains in question following the mixed verdict in the first trial, which ended in July. That jury was able to arrive at verdicts on only a tiny fraction of the charges against one broker and two traders of Swiss francs, and those were the lesser ones. The three men are to be retried on the deadlocked counts.

The government prosecution in both the current cases relies heavily, as it did in the first, on the evidence gathered by undercover Federal Bureau of Investigation agents who posed as corrupt traders from 1988 until January of 1989. This includes hundreds of snippets of the agents' secret tape recordings of action in the pit and conversations out of it, including on barstools.

The FBI probe led to 48 indictments last year. Strong corroborating testimony is also to be offered by traders who pleaded guilty in both cases and are now co-operating with the government.

In the soyabean case, 19 traders and brokers were indicted, but nine, including three in the last month, have pleaded guilty. In the yen case, six of the 21 indicted have pleaded guilty and one pleaded no contest. All are co-operating with the prosecution in return for reduced charges and sentences. US assistant district attorney Miss Lisa Huestis revealed perhaps the hardest evidence in any of the cases, a $60,000 check that she said was part of a kickback scheme to a broker.

In essence, the government charges in its opening statements at both trials that brokers foisted off losing trades on accommodating local traders – independents who trade for their own accounts – and later paid them back by channelling them profitable trades, at customer expense.

All this, the government says, systematically cheated customers of market opportunities and profits. While the defence strategies of the 24 defendants vary, a number of the traders' lawyers have argued in opening statements that their clients knowingly violated the exchanges' trading rules, but did not intentionally cheat customers.

On the contrary, they contended rules were broken to fill orders in the way customers wanted amid the crush of hectic trading. They pointed out that customers, who understood how the floor worked, never complained about the services they received. One broker who watched the trial of his ex-colleagues later agreed with this description, saying, "exchange rules are different than exchange custom".

But he said that since the investigation came to light brokers and traders had become significantly more cautious and that some brokers, who must assume financial liability for their mistakes, had "taken big hits" to their personal finances as a result.

Broker liability is at the heart of the government's cases. Other defence attorneys are arguing that their clients did nothing wrong and that the FBI agent, an inexperienced newcomer to the chaotic pits, could not accurately understand what went on.

While the strength of the evidence and the clarity of its presentation will ultimately decide these cases, the attitudes that underlie the arguments on both sides of the trials may sway the juries.

The government prosecution is infused with a sense of moral outrage that traders did not play by the book and that consequently customers lost market opportunities and profits. The defence, on the other hand, while trying not to seem cavalier about business ethics, has taken the stance that in the real world, sometimes a few corners are cut and mistakes are made but that's the way business gets done.

The soyabean pit at the Chicago exchange: FBI agents infiltrated the trading floor

READ ME!

Everyday the world's media pour out vital facts, figures and comment. How can you possibly read it all to find what you need?

FT PROFILE is an online service which enables you to search through thousands of publications to find information quickly and easily.

To find out more, call FT PROFILE on 0932 761444 or complete and return this coupon.

FT PROFILE is part of the Financial Times Group

APT 2CJ 25/9/90

Name
Company
Address
Telephone
My Organisation's Business is

No. of employees: ☐ under 50 ☐ 50 – 100 ☐ 100+
I already use online ☐ Yes ☐ No

FT PROFILE, PO Box 12 Sunbury-on-Thames Middlesex TW16 7UD Tel 0932 761444

FT PROFILE BUSINESS INFORMATION

FT hand delivered in Turkey

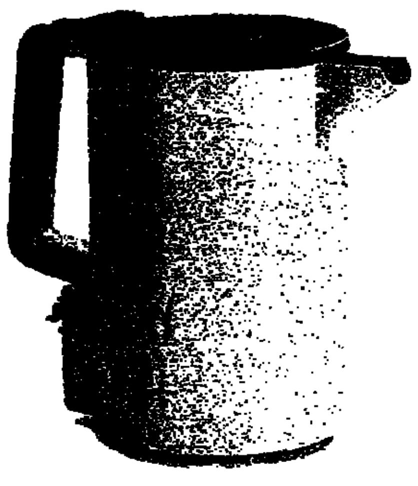
At no extra charge, if you work in the business centres of Ankara, Adana, Adapazari, Antalya, Bursa, Eskisehir, Istanbul, Izmir, Kayseri, Kibris, Kocaeli, Manisa, Mersin, Samsun, Trabzon

Istanbul 5120190/10 lines

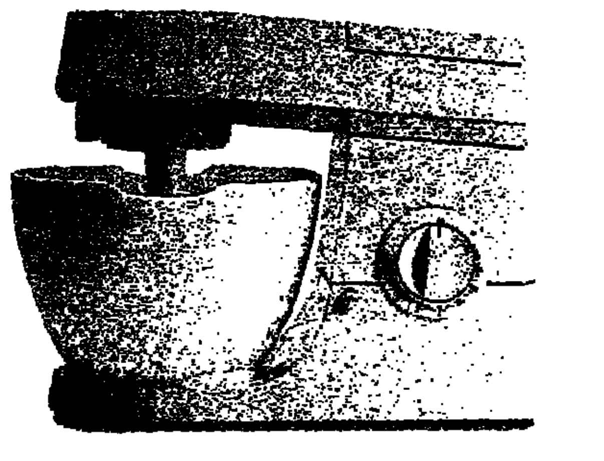
And ask for Metin Gurel for details.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Five great innovations from two of Scotland's most resourceful companies.



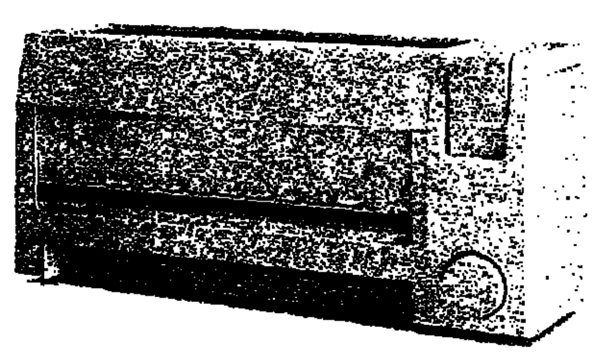
THE OIL FIRED KETTLE.



THE COAL POWERED FOOD MIXER.

THE NUCLEAR FUELLED HAIRDRYER.

THE GAS POWERED VIDEO.



THE WATER DRIVEN TOASTER.

Scottish electricity is an industry with a difference. Between us at ScottishPower and Hydro-Electric, we are equipped to generate our electricity from hydro, coal, oil and gas and we have access to nuclear. We're quite distinct in other ways too. We don't just generate, we also distribute and sell our own electricity. All the way from the power station to the plug point. Then there's our capacity to export electricity south of the border. In normal operating conditions we can export every day of every week. 52 weeks a year. Yet we can still cater fully for Scotland's needs.

All things considered, at ScottishPower and Hydro-Electric, we have a great deal going for us. As time will tell.

ScottishPower HYDRO-ELECTRIC

The two Scottish electricity companies

Issued by Scottish Hydro-Electric plc and by Scottish Power plc and approved for the purposes of section 57 of the Financial Services Act 1986 by Charterhouse Bank Limited (save in relation to information specifically relating to Scottish Power plc) and by Samuel Montagu & Co. Limited and Noble Grossart Limited (save in relation to information specifically relating to Scottish Hydro-Electric plc). Charterhouse Bank Limited is a member of TSA and financial adviser to Scottish Hydro-Electric plc. Samuel Montagu & Co. Limited and Noble Grossart Limited are members of TSA and joint advisers to Scottish Power plc.

BRITISH ECONOMY

Drop in imports signals slowdown

By Peter Marsh, Economics Staff

A DECREASE in imports last month provided further signs of a slowdown in the UK economy. At the same time exports held up better than expected, although analysts warned yesterday that the figures may decline over the next few months.

On a seasonally adjusted basis, imports fell by 1.5 per cent to £9.8bn between July and August. Exports rose 4.5 per cent over the same period to £8.6bn, according to figures from the Central Statistical Office.

As a result of these movements, the visible trade deficit in August was £1.1bn, £0.6bn lower than in July. Part of the reason for the smaller deficit was a reduction in the trade gap in erratic items – highly expensive products such as aircraft and ships. In August exports in these goods rose by £0.2bn while imports fell by £0.1bn.

Last month's smaller deficit was also helped by a bigger surplus in Britain's oil trade, which increased to £0.2bn, £0.1bn more than in July.

The CSO is assuming that Britain's invisible trade – which include services, royalty payments and other financial transactions – was in balance both last month and in July.

On the basis of this assumption, which is likely to be changed in the next few months as a result of revisions, the overall current account deficits for both months is for the moment described as identical to the visible trade deficits for these periods.

Quarterly figures for visible exports and imports give a better view of underlying trends in the economy. In the three months to August, imports were 6 per cent down on the previous quarter, underlining the slowdown in consumption.

UK manufacturers, even though they may be heartened by the promising export figure, are concerned about the underlying picture. In the three months to August, exports were 1.5 per cent less than in the previous quarter, confirming the view that export-oriented manufacturing companies are finding life more difficult – a result of the high sterling exchange rate and the slowdown in the global econ-

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance	Visible Trade Exports	Visible Trade Imports	Invisibles Balance
1988	-15.2	-21.1	80.8	101.9	+5.9
1989	-19.1	-23.8	92.8	116.8	+4.7
Qtr 4	-3.8	-4.4	25.0	29.4	+0.6
1990					
Qtr 1	-4.6	-5.8	25.4	31.2	+1.0
Qtr 2	-4.9	-5.0	26.1	31.1	+0.9
May	-1.4	-1.4	8.9	10.3	+0.3
Jun	-1.5	-1.6	8.6	10.2	+0.3
Jul	-1.7	-1.7	8.3	9.9	0.0
Aug	-1.1	-1.1	8.6	9.7	0.0

Invisibles for July and August projections
Figures are seasonally adjusted, may not add up due to rounding

Source: CSO

GLOBAL WARMING

London issues strongest warning yet

By John Hunt, Environment Correspondent

THE STRONGEST warning on the dangers of global warming yet to come from the British government was delivered yesterday by Mr John Wakeham, the energy secretary.

Speaking on the eve of the publication of today's policy document on the environment he said temperatures could rise so much that it could "make Saddam Hussein's current territorial ambitions pale into insignificance".

He said that the role of nuclear power - the only major energy source which did not contribute to global warming - needed to be looked at again in order to offset the threat. Energy efficiency and renewable power such as solar energy, wind and hydro-electric also had to be stepped up.

The vast majority of people had yet to become convinced of the reality of the threat.

"We may not yet have been frightened enough. If we continue to contribute to an acceleration of climate change sea levels could rise to submerge nearly a quarter of a million miles of coastline by the end of the next century.

John Wakeham

"The world could be facing extensive drought, famine and disease."

A bitter clash between the government and Greenpeace, the environmental pressure group, took place yesterday.

It was sparked off by a report published by Greenpeace claiming that the government's environmental policies were so bad that Britain would remain "the dirty man of Europe" into the next century unless the policy paper introduces sweeping changes.

In advance of the report Mr Chris Patten, environment secretary, accused Greenpeace of the "worst sort of political pollution". He said it had made no contribution to the debate on the policy paper and had become "shrill and partisan". Yesterday he said on BBC Radio that the criticism by some green pressure groups was "preposterous and nonsense."

Lord Melchett, executive director of Greenpeace, accused Mr Patten of making "cheap jibes" and inaccurate and unfair accusations against the organisation. He saw the attack as an attempt to drive a wedge between the environmental organisations.

● Britain's leading expert on climate change today called on the United States to set a target for stabilising greenhouse gases, adds the Press Association.

Dr John Houghton, chairman of an intergovernmental panel on climate change - which has advised the Government on measures needed to avoid the threat of global warming - made his appeal at the launch of the Climate Change Report.

"I think it would be helpful if America set a target for stabilising their emissions in order to show the world they are taking it seriously," he said.

The United States has so far refused to name a target date for curbing carbon dioxide and other warming gases in the atmosphere.

Mrs Thatcher has said that the UK will attempt to peg carbon dioxide at 1990 levels by 2005.

European countries have gone further by deciding to make bigger cuts five years earlier.

The split, which resurfaced at the weekend during informal EC environment ministers' talks in Rome, will be at the centre of negotiations at the second world climate conference in Geneva next month.

Dr Houghton's report predicts rising sea levels as the earth surface warms up through the imbalance of greenhouse gases.

Greens wary of grasping the nettle

Ralph Atkins at the Green Party conference examines tactical debates

A YEAR after their European election triumph, members of the UK's Green Party are still refusing to behave like normal politicians.

Today Mr Chris Patten, the ruling Conservative government's environment secretary, will unveil a policy paper which is likely to borrow heavily on policies the Greens have long been advocating.

The Greens are thus in danger of losing the political initiative - but seem divided as to how to respond.

Far from wanting to seize real power, most Greens appear content merely to organise. "We are delighted when the other parties actually begin to take on board the things we have been saying," said Ms Sara Parkin, Green Party speaker.

In the past year, the party's electoral chances have been dashed by internal contradictions. Greens want fundamental and dramatic changes to modern industrial societies, but also want to win elections. They want a sense of direction, but do not like strong leaders.

The party is a collection of 19,000 like-minded individuals who try to involve as many as possible in decision-making. But this can result in cumbersome conferences bogged down by procedural combat. Policy-making is long-winded, more likely to be dominated by amendments to amendments than the substance of ideas.

However, a reformist streak believes that such a structure is inappropriate if the party is to win influence. In the Green parties of other countries the debate has been described as one between "realists" and "fundamentalists". In Britain, it is more that individual members want to have their cake and eat it.

Those with stronger "realist" tendencies have organised around the banner of "Green 2000". It urges the party to aim for government by the beginning of the next century with an elected "leadership team".

"I don't see the point of having beautiful policies if no one is implementing them. It is like locking works of art in your basement," said Ms Jean Lambert, another party speaker.

Even here there is little compromise over ideas. More the aim is to make the Green agenda more palatable and to focus on developing saleable "transitional" policies – such as a Green budget for its first term of office.

Green 2000 faces substantial obstacles. Words like "leadership" and "taking power" are emotive. "I don't want to be in power. I want to share power with the people," says Ms Penny Kemp, an activist. "I want to enable people to have power in the political system."

Currently the Green Party is represented in public by "speakers". On Monday the conference decided to elect six such representatives annually. But, speakers are not to be confused with leaders.

"Leadership is about presenting vision. That doesn't require one person. It should be revolving because people come up, present a vision, and then step back," said Ms Kemp.

But the cost of such idealism is that changes in the structure of the party have been barely perceptible. And, as Mr Patten will prove today, some of the Green party's clothes will be stolen by others.

Green Party supporters launch radical plans to increase mobility in London.

Poor bill of health for cellular industry

By Hugo Dixon

FT CONFERENCE
WORLD MOBILE COMMUNICATIONS

DIRE WARNINGS about the health of the UK cellular communications industry were given yesterday by one of its pioneers, Mr Marc Albert, managing director of Euro Cellular, a cellular retailing company.

Speaking at the Financial Times Conference on World Mobile Communications in London, Mr Albert said many cellular service providers – which retail services on behalf of the network operators – were saddled with bad debts and some were in danger of going bankrupt. He also said unscrupulous practices by some service providers had damaged the reputation of the industry. "They have slaughtered the very goose that laid so many golden eggs."

Mr Albert's comments were in stark contrast to the previous success of the UK cellular industry, which has signed on more than 1m customers in five years of operation.

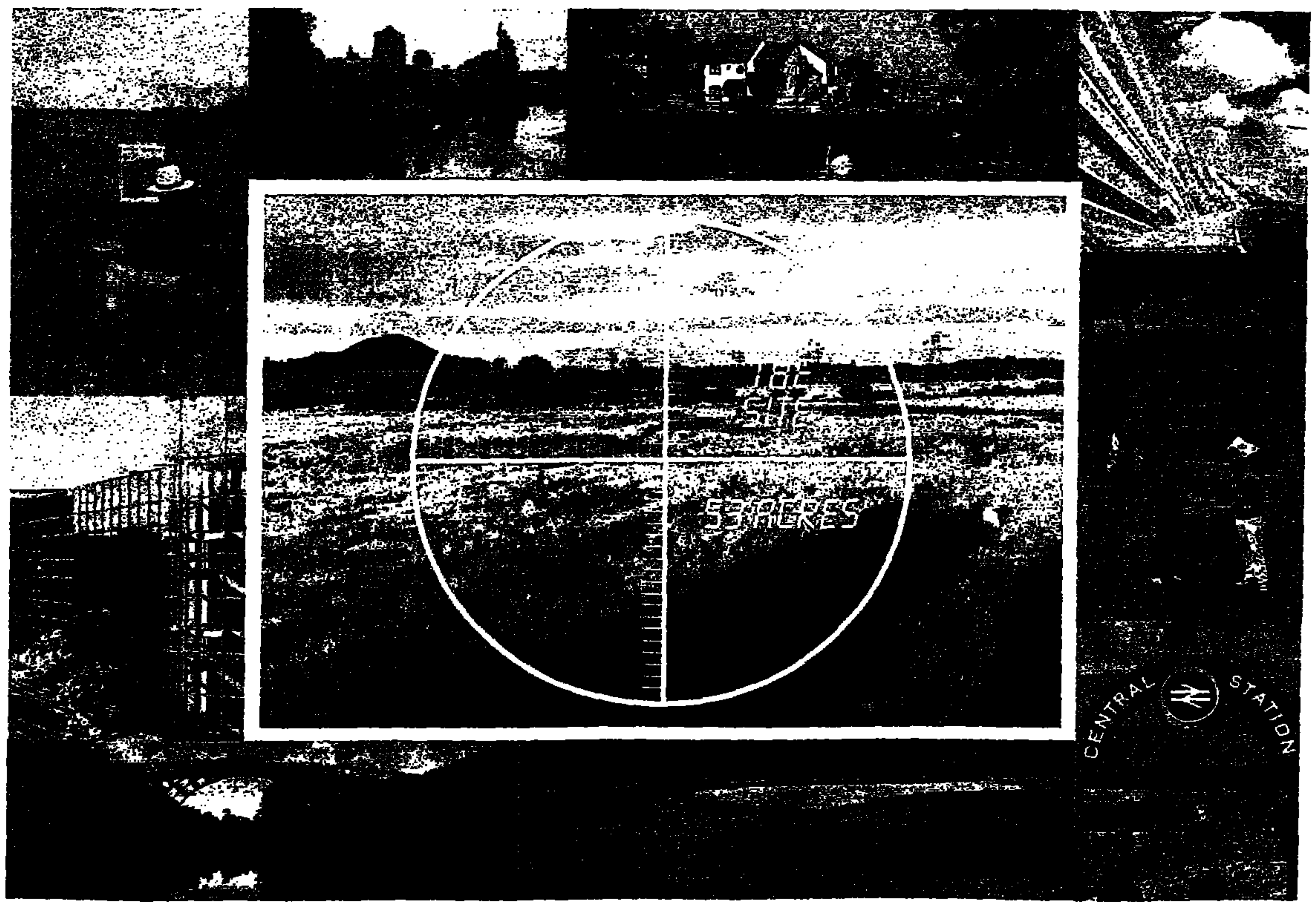
Mr Peter Mihatsch, chairman of Mannesmann Mobilfunk, which recently won the licence to run Germany's second cellular network, said his company would follow the British example of encouraging service providers but would try to avoid many of the mistakes that had been made.

Mr Armin Silberhorn, head of the European Telecommunications Standards Institute's technical organisation, turned his attention to the mobile communications services which would appear at the end of the century. Known as Universal Mobile Telecommunications Services, these systems must be worldwide, personal services attracting 50 per cent of the population and must be capable of supporting high traffic densities, he said.

Mr Keiji Tachikawa, associate vice president of Nippon Telegraph and Telephone, the Japanese telephone company, explained that the Japanese cellular market was still growing phenomenally. The number of customers doubled to 500,000 in 1989, was expected to double again this year and was forecast to reach 10m by the year 2000.

Japan's largest auto component maker has set its sites on Telford.

When Nippondenso, Japan's largest auto component manufacturer announced that it had chosen a site in Telford as its European base it was in good company. 19 major Japanese organisations live and work here, part of a total of 111 overseas investments. They are drawn by the tremendous range of modern facilities available in this community, uniquely sited in the beautiful rural surroundings of Shropshire and yet just 45 motorway minutes west of Birmingham and the West Midlands marketplace.



maxell EPSON NEC TOSHIBA Nikon makita Mitutoyo OMRON KYOKUNI DENSO

TELFORD
Shropshire
Call Commercial Director Chris Mackrell now on 0952 293131 or write to Telford Development Corporation, New Town House, Telford Square, Town Centre, Telford, Shropshire TF3 4JS.

UK NEWS

Ban imposed after pig contracts cow disease

By David Blackwell

THE BRITISH Government today imposed a statutory ban on animal feed using specified cattle organs after a research programme proved that a pig can contract the so-called "mad cow" disease, the virus which led to a European ban on imports of British beef earlier this year.

The pig which contracted the disease was one of 10 inoculated with infected material at the Central Veterinary Laboratory at Weybridge, southern England.

It is the first experiment to show that pigs can catch bovine spongiform encephalopathy (BSE).

As a result of the experiment, the Government has made statutory from midnight last night the voluntary ban by animal feed compounders and pet food manufacturers on the use of the specified cattle offals already prohibited for human consumption. These include the brain, spinal cord and spleen.

Mr Keith Meldrum, the Government's chief veterinary officer, stressed yesterday that no pigs had contracted the disease orally, or in natural conditions.

The experiment demonstrated that pigs were capable of succumbing to the disease "under extreme laboratory conditions."

Mr Ray Bradley, head of pathology at the laboratory, emphasised that inoculation with a large amount of infected material was "a totally unnatural route which could not by any stretch of the imagination occur in pig farming."

Further experiments are continuing; preliminary results have already shown that sheep and goats can contract BSE by innoculation, confirming their known susceptibility.

Over the last 12 months nearly 13,000 cattle have been slaughtered because of BSE.

The number could at least double next year as numbers continue to rise before the effect comes through of the 1988 ban on feeding ruminant protein to ruminants.

Polly Peck tries to clarify affairs for stock exchange

By Clay Harris and Richard Waters in London and Haig Simonian in Givrins, Switzerland

THE BOARD of Polly Peck International last night was still trying to draft a detailed statement about its affairs which satisfied both its lawyers and the stock exchange.

Directors, meeting for the fourth consecutive day, agreed on a text but the company indicated that the Stock Exchange was "being particularly sticky."

The fruit trading and consumer electronics group said it hoped to make an announcement today.

Trading in Polly Peck shares was halted last Thursday after the price fell by more than half when it became known that the offices of South Audley Management, a company linked with the family of Mr Asil Nadir, chairman and chief executive, had been searched by the Serious Fraud Office. Mr Nadir was also questioned by the SFO that day.

The Department of Trade and Industry said yesterday that it was studying Polly Peck's request that inspectors be appointed to investigate and report on its affairs.

Polly Peck yesterday avoided immediate eviction from the FT-SE 100 index of leading UK quoted companies, but the index's steering committee said it would reconsider the issue at the close of business on Friday.

The committee is required to consider the position of any share which has been suspended for two days – something it has never thought to have done before, according to Mr Peter Jones, chairman. Given the SFO inquiry, he said, there were complex legal questions that had to be taken into account. "It's not simply a question of a share having fallen in value."

In Switzerland, a close aide of Mr Jason Davies, the former UK stockbroker whose transactions in Polly Peck shares have been investigated by the London stock exchange's insider dealing group, confirmed that a converted farmhouse in the village of Givrins was the headquarters of Nadir Investments, a private investment company.

A communal official at Givrins, where information about the company is held, said that Mr Asil Nadir was chairman of Nadir Investments. According to his aide, Mr Davies himself was not at the premises, the Domaine des Ledfleur, which has been recently been converted into an office complex.

Calls to Mr Davies's house at the village of Founex, about 15 minutes' drive away, have proved similarly fruitless.

According to Mr Davies's assistant his wife could provide no information about Polly Peck. Mr Davies had told his wife not to expect him back soon and had given no further details of his movements, the assistant said.

Observer, Page 16; Suspension in Zurich, Page 25; Vestel falls again, Page 46

British Gas alters entire price structure in UK to end anomaly

By David Thomas, Resources Editor

BRITISH GAS, the national supplier, yesterday changed its gas prices for all industrial and commercial customers in an attempt to end an anomaly whereby some customers saved money by deliberately wasting gas.

The changes prompted an immediate appeal by Mr James McKinnon, the industry's regulator, for all business customers to monitor the impact on their own gas bills.

British Gas estimates 90 per cent of industrial and commercial premises will have to pay more for their gas as a result of the changes, with the other 10 per cent paying less, although the changes are designed to be revenue neutral to British Gas.

Under the existing regulatory regime, only premises using more than 25,000 therms a year are allowed to shop around for competitive supplies.

Customers just below this cut-off point had an incentive to burn extra gas, because all their demand then became eligible for cheaper rates. The anomaly led to well-publicised cases of customers deliberately wasting gas to boost their demand above 25,000 therms.

British Gas yesterday ended that anomaly by announcing that from October 1, all customers with continuous supply would pay 40.96p a therm for the first 25,000 therms.

In the past, by contrast, customers on a single site with demand of 25,001-50,000 therms paid 36.25p a therm for all their supply.

British Gas has also re-jigged many of its other prices in a bid to render the changes financially neutral to itself. However, it acknowledges some customers will lose out, while others will benefit.

The company says that typical price increases for customers will be 5 to 6 per cent, while reductions will be in the order of 3 to 4 per cent.

Larger customers, however, will tend to benefit from the changes, which explains why only 10 per cent of premises will pay less.

Mr McKinnon, director general of the Office of Gas Supply, warned that some customers might face price increase of more than 20 per cent.

He complained that he had not been able to obtain from British Gas enough information to judge the likely impact of the changes.

Mr McKinnon said he would take up complaints and added: "I regret that in order to solve the problem affecting a relatively small number of gas users, it has become necessary to change every single industrial and commercial customer's price."

BRITAIN IN BRIEF

Union call to abandon Paris group

Leaders of the National Union of Mineworkers are to be urged to withdraw from the Paris-based International Miners' Organisation, the body at the heart of controversy over the handling of funds donated during the 1984-85 pit strike.

A special delegate conference of the NUM is to hear a motion from the NUM's Derbyshire area calling for the union to withdraw from the IMO unless it undergoes a fundamental reform and appoints a second senior full-time official.

Mr Arthur Scargill, the NUM president, is also IMO president. However, the post is part-time and the only senior full-time IMO official is Mr Alain Simon, the body's general secretary.

Producers fined for price-fixing

Subsidiaries of some of Britain's biggest concrete producers have been fined £81,000 for disobeying court orders prohibiting them from entering unlawful market sharing and price fixing agreements.

Two managers employed by the companies were fined £1,200 and £1,000 each. It is the first time individuals have been taken to the Restrictive Practices Court by Sir Gordon Borrie, Director General of Fair Trading.

Mr Justice Anthony Lincoln, found that four companies, Hartigan Ready Mixed Ltd, Pioneer Concrete (UK) , Ready Mixed Concrete (Thames Valley) Ltd and Smiths Concrete Ltd were guilty of of operating price fixing and market sharing agreements in parts of Oxfordshire in 1983 and 1984. This was contrary to court orders made against the companies and other concrete producers five years earlier.

Ready Mixed Concrete a subsidiary of RMC Group the worlds biggest concrete producer was fined £20,000; Smiths Concrete, 49 per cent owned by ARC the aggregates subsidiary of Hanson was fined £25,000; Pioneer part of the large Australian group of the same name was fined 20,000 and Hartigan 50 per cent owned by Redland the large British building materials group was fined £16,000. The companies and the executives denied the charges.

Changes in arts funding

In his first initiative since his appointment as Minister for the Arts in July Mr David Mellor announced changes in the organisation of the regional funding of the arts in England which strengthen central control and should re-assure many arts organisations who were worried by the devolution proposals recommended by Mr Mellor's predecessor as Arts Minister, Mr Richard Luce.

Mellor: new initiative

In March Mr Luce announced that funding of the arts in England would be devolved to Regional Arts Boards, with the previous paymaster, the Arts Council, only directly funding a dozen or so national companies.

Mr Mellor has refined this strategy. He has recommended that the size of the new Boards should be reduced from around twenty four directors to twelve; that the number of local authority appointments of directors should be reduced from a half to a third; that more senior executives employed by the Boards should also act as directors; and that the chairman of the Boards should be appointed by the Minister.

Depression in truck market

The UK market for truck manufacturers remained depressed in August with statistics showing a 28.61 per cent drop in total truck registrations last month.

Statistics issued by the Society of Motor Manufacturers and Traders show, however, that the downturn is increasingly being felt in the market for panel vans – a sign, according to Ford, that recession is hitting the many types of small trader who are the typical buyers of vans like the market-leading Transit.

Sales of panel vans in August fell by 23.9 per cent compared with the same month a year ago, to 17,277 from 22,701.

Power stations to close down

National Power, the UK's largest electricity generating company, confirmed plans to close five power stations with the loss of 780 jobs.

The stations are at Bold, near St Helens; Meaford, Staffordshire; Wakefield; Stella North, Newcastle upon Tyne; and Stella South, Gateshead. Each station is coal fired, more than 30 years old and produces electricity at a loss.

Mr John Baker, National Power's chief executive, yesterday blamed over-capacity in the industry, which he said was forecast to last until the mid-1990s.

Interest rate warning

High interest rates are dampening economic growth and threatening cuts in investment, the government has been warned by the chairmen of its industrial development advisory boards.

The warnings that gathering slowdown will undermine investment are contained in the annual report on the operation of the Industrial Development Act 1982, under which the government provides companies with regional assistance.

The statutory Scottish and Welsh industrial development advisory boards, and the non-statutory industrial development boards in some English regions, advise the government on its programmes to support industry in specially designated assisted areas.

Inland Revenue under attack

The Inland Revenue should be abolished as part of a long-term programme to turn Britain into a low-tax economy and encourage private enterprise, according to a report from the Institute of Directors.

The institute, which is known for its commitment to free-market thinking, says the government should take a firm stand on phasing out state involvement and spending in a number of areas including health, welfare and education.

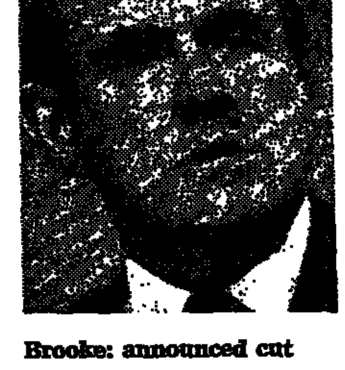
The report says Mrs Thatcher's government has not been radical enough in reducing public-sector activity.

Belfast group fights grant cut

The controversy over the Government's withdrawal of funding for the Belfast-based Irish language group Glor na Gael is being taken up in a European forum tomorrow.

A report on the disputed decision will be discussed in Sweden by the European region of the International Council on Social Welfare, an umbrella body for community and voluntary organisations.

Last month, Mr Peter Brooke, the Northern Ireland Secretary, announced that £80,000 a year in grant aid was being cut, under legislation that bars giving help to groups believed to be linked with paramilitary organisations.



Brooke: announced cut

The pleasure of sharing the genuine warmth and charm of Malaysia never ends

Wherever you fly, to over 70 destinations across 5 continents, we'll welcome you the moment you step on board, as we would an honoured guest in our own home, sharing with you a world of enchantment that is Malaysia.

Whether you are in the luxury of First Class, or the comfort of Golden Club, you'll enjoy the renowned inflight service of genuine warmth and charm that only Malaysians can offer.

The pleasure of flying never ends, when you are on the international airline with a modern fleet that includes the latest 747-400s.

Experience it on any of our daily flights to Malaysia, where you'll have a choice of 7 flights weekly to Australia and 26 to the Orient.

malaysia AIRLINES
ENCHANTMENT WHEREVER YOU FLY

AMMAN • AMSTERDAM • AUCKLAND • BANDAR SERI BEGAWAN • BANGKOK • BRUSSELS • COLOMBO • DELHI • DENPASAR • DUBAI • FRANKFURT • FUKUOKA • GUANGZHOU (CANTON) • HAT YAI • HO CHI MINH CITY • HONG KONG • HONOLULU • ISTANBUL • JAKARTA • JEDDAH • KARACHI • KUALA LUMPUR • LONDON • LOS ANGELES • MADRAS • MANILA • MAURITIUS • MEDAN • MELBOURNE • PARIS • PERTH • PHUKET • PONTIANAK • SEOUL • SINGAPORE • SYDNEY • TAIPEI • TARAKAN • TEHRAN • TOKYO • YANGON (RANGOON) • ZURICH & 35 DESTINATIONS WITHIN MALAYSIA

FOR RESERVATIONS CONTACT YOUR FAVOURITE TRAVEL AGENT OR CALL MALAYSIA AIRLINES, LONDON TEL. [illegible]

Unix stays level

GROWTH in expenditure on computers that use the Unix operating system – which is at the heart of European governments' "open systems" purchasing policy – has slowed over the past year, concludes a new market survey* released last week.

The Unix Report, published by APT Data Services of London, suggests that growth in the Unix market is slower than previous recent years – particularly at sites that already own Unix systems. It concludes that much of the recent Unix market growth has been at "greenfield" sites which do not already use a Unix machine.

"While no one could suggest that Unix growth was flattening out, or even slowing, one of the most critical points indicated by this research is that the 270 user sites interviewed only plan to buy roughly the same amount of kit they bought last year," it states.

The report also suggests that much of the money previously spent on such terminals is now used to buy PCs.

The report concludes that expenditure in the Unix market is being apportioned differently than has traditionally been the case. "Although Unix sites this year will spend the same amount of money on processors as last year improvements in price performance will mean they can buy more processors, while much of their budget will be aimed at adding networking, attaching PCs and workstations, buying strategic software, continuing the spend on training and broadening the applications that are run on these machines."

One trend which does seem to be indisputable is a consolidation among Unix hardware suppliers. "The number of players in the Unix hardware market has been consolidating and maturing over the past year with some 71 manufacturers supplying the 270 companies surveyed," states the report. Sun, Altos, Hewlett-Packard, NCR, ICL, DEC and IBM now share more than 80 per cent of the market.

Geof Wheelwright

Published by APT Data Services, Fourth Floor, 12 Sutton Row, London W1. Price £410.

David Fishlock speaks to William Stewart, the UK government's chief scientific adviser designate

Top man takes the 'green' view

Next Monday a new chief scientific adviser to the British government takes up his post in the Cabinet Office. Professor William Stewart, 54, succeeds Sir John Fairclough, the electrical engineer who has been Prime Minister Margaret Thatcher's closest confidant on technology and science for the past four years.

The official brief for the chief scientific adviser is to provide "advice to the Prime Minister and the Cabinet Office on scientific and technological matters, or scientific and technological aspects of other issues," and also to "influence positively the economic contribution from government spending in science and technology."

Stewart is a botanist from academia whereas Sir John came to Whitehall from IBM. None the less he shares the belief of both the Prime Minister and Sir John that British science needs to be better managed, more international in outlook and more concerned to see research pay off.

When the Financial Times interviewed Sir John last April, he forecast that his successor would probably be recruited from the environmental sciences.

Stewart can certainly be counted an environmentalist. He has made his mark on the scientific establishment in 1983 with a report on nitrogen in the environment for the Royal Society which identified oxides of nitrogen as a major factor, along with sulphur, in "acid rain"; and with his work for the standing Royal Commission on Environmental Pollution on such issues as the release of genetically engineered organisms into the environment.

Stewart's academic career can be summarised briefly as follows: a professorial chair at the age of 32, fellowship of the Royal Society at only 42, and chief executive of the Agricultural and Food Research Council at 52. In each role he has left an indelible mark.

He was raised on the island of Islay in Scotland and spent student holidays working in the distilleries. "I wasn't brought up to believe in the dependency culture," he says. At Nottingham University he read marine biology. These were formative years, for study under a palaeontologist fired his interest in Darwinian evolution and survival of the fittest.

He brings a blunt Gaelic logic to bear on some fashionable worries. "Life has been present on earth for 3bn-4bn years and during that time there's been survival of the fittest. It's not going to change in our lifetime."

Spells of research in Glasgow, London and Wisconsin led him to evolve from conventional botanist into taxonomist, then physiologist and then biochemist. "Flexibility is the name of the game," he contends. Then he was appointed Boyd Baxter professor of biology at Dundee University, a post he filled for the next 20 years.

In Dundee he built up biological sciences nearly from scratch to a department of life sciences that ranks among Britain's best. He did it, he says, by hiring the best people. "Then all the rest falls in place."

Stewart insists there was never a personal "corporate plan" designed to bring him to Whitehall and the post of chief scientific adviser. In 1987 he was headhunted by the Agricultural and Food Research Council following the death of John Jinks, its chief executive.

The AFRC is one of the main sources of funds for academic research in the life sciences in Britain. But 1987 was a time of great change for the council. Sir John had already identified it as a sector of government-funded research badly in need of audit.

Historically, the AFRC had done an admirable job of helping make Britain self-sufficient in food after the Second World War. But with growing food mountains in Europe, the traditional research targets of improving domestic productivity could no longer be rated high priority.

Late in 1987 Stewart inherited an AFRC in some disarray, with a severely reduced budget. He advocated a merger with the Natural Environment Research Council, where he served for six years, and sees no need for boundaries between the bailiwicks of the two.

William Stewart: 'Flexibility is the name of the game'

He brought his skills of managing research to bear on the work of AFRC institutes, traditionally focused on local problems. He identified four urgently needed changes:

- The AFRC must safeguard future supply of life science skills, so he persuaded government to double its funding of university life sciences.
- It must reorganise into bigger, multi-disciplinary teams appropriate to research challenges of the 1990s, which could be properly equipped with the instruments and computing power enjoyed by the physical sciences. He also introduced international collaboration.
- HBecause technology was changing so fast, the AFRC must plunge deep into the fundamental molecular biology which underpins the bio-sciences. He fought for and won substantial new government funds for this research.
- It must make a major bid to get the agricultural industries to fund near-to-market research by the AFRC under contract.

He leaves a restructured AFRC with a new and expanded £150m-a-year R&D programme, longer term in its thinking, and spending proportionately more of its budget on science and less on overheads. "I don't care what the organisational structure is, so long as as little of the budget as possible goes into the bureaucracy and as much as possible into supporting creative science."

The AFRC has also set up an international branch headed by an economist, busy forging research links with places as far afield as the US, the Soviet Union, Japan and Australia, as well as the EC. And major new projects are being organised in partnership with other research councils.

The merger with Nerc has not happened. But his proposal led to the Morris report, which in turn led to a slimmer, stronger Advisory Board for Research Councils and closer collaboration between all five research councils. In his new role be will become an assessor to the ABRC.

Stewart has chosen – on the advice of his predecessor – to remain ungraded, somewhere between a deputy secretary and a permanent secretary in civil service grades. This will give him that extra degree of freedom which Sir John exercised on behalf of science for the past four years.

His foremost priority for the new job is "to provide impeccable scientific advice" in a world where science impinges upon almost every facet of society. As he understands the job, he brings special experience in five broad areas.

First, as an academic, he is keenly aware of the importance to Britain of a skilled, flexible and innovative workforce.

Second, as a "biologist with environmental interests", he is keenly aware of environmental issues and research in this sector.

Third, he is eager to see research results used and is involved in the manifold problems of technology transfer.

Fourth, he believes that success in science today depends upon interacting with other specialisations in multi-disciplinary projects and programmes.

And finally, William Stewart is sure that success in science increasingly means international collaboration to spread the cost.

IT investment a one-way street

By Alan Cane

CITIBANK spends \$1.5bn (£800m) a year on information technology – 20 per cent of its non-interest costs or the equivalent of \$19,000 a year for each staff member.

Comparable IT spend for the United Bank of Switzerland is about \$240m a year, a substantial 20 per cent of non-interest expenses, but only \$12,000 a year for every employee.

A large but anonymous British clearing bank is spending \$520m on IT each year, 15 per cent of non-interest costs and equal to \$4,600 for each staff member. French banks are spending similar amounts.

These figures, quoted by Kirt Mead of the US-based Index Group, give a telling measure of the kind of expenditures on computing hardware and software which large financial institutions believe is essential to stay ahead of the game. Mead predicts that IT costs will continue to rise in relation to other costs.

While the banks have been leaders in IT investment, other industry sectors are following suit, so Mead's figures underline one of the most interesting conundrums in business today. While all large companies are spending lavishly on IT and intend to carry on spending at the same or an increased rate, very few seem to believe they get value for money out of their investment.

Why should this be? Received wisdom is that investment in IT is money well spent because it gives a company a cutting edge that is denied to its competitors. Indeed, a recent survey among UK companies indicated that 30 per cent said their chief reason for investing in IT was to gain a competitive edge. A further 21 per cent said their business would not be possible without computers.

But the survey, carried out by Beat Hochstrasse and Catherine Griffiths of the Kobler Unit at Imperial College, found that only 24 per cent of the sample believed positively that that their IT spend showed a better return on capital than other investments.

One in eight companies thought they were getting an inferior return on their money. Despite this, Hochstrasse and Griffiths noted: "Most companies within this sample are not considering pulling out of IT but are planning to increase their IT investment further over the next three years."

One answer is that companies spend money on IT almost as an act of faith because they have no way of measuring its effectiveness. Investing in IT is like driving down a one-way street, says the Kobler team: "Once the direction has been set, there is no turning back. The company has lost control of the direction and is forced to continue down the same road, propelled by the momentum of previous IT investments."

Hochstrasse and Griffiths argue that the key to success in regaining control of IT investment is the formulation of a corporate information strategy based on management goals which are derived from the company's sense of its business mission, feedback from its customers and information about its competitors.

With the information strategy in place, an IT strategy to realise the management's goals can be developed. It sounds obvious, but the Kobler Unit points out: "If implementation is not preceded by a comprehensive IT strategy, as has been found in 66 per cent of cases in our current study, a company will subsequently experience a strongly increased number of IT related difficulties. This suggests that the relation between strategic planning and business success is a major hallmark distinguishing successful from less successful companies."

Another hallmark recognised by the Kobler Unit was a company's willingness to change, a "proactive corporate culture" which encourages risk taking and individual responsibility: "The role of management itself is thereby changed from a dictating role to a facilitating one and a new emphasis is placed on building multi-functional teams."

**Regaining control of IT Investments; a handbook for senior UK management. The Kobler Unit, Imperial College, 180 Queen's gate London SW7*

"I'd never thought of cars as human, until your Saab came along."

The Saab family started as aircraft builders. Saab jet fighters grabbed world speed records. The first Saab cars were designed by aviation engineers with a total disregard for conventional, introspective car building wisdom. Their new thinking started the Saab tradition of free thought. It's still very much alive.

They say that the best in people isn't what you expect but what you don't expect. The same goes for cars, too.

From the outside, the Saab gave little away.

Inside, it was like stepping into a friend's living room. I almost felt guilty there were only two of us in the car.

When you let me take over, I was surprised by the car's intuition. It was as if we were conversing. She put me at ease. I felt confident.

You said that Saab consistently tops safety ratings. Ahead of makes that build their reputation on safety? I must check that out.

You murmured something about speeding and the law. But honestly, I didn't realize we were going so fast. Love makes you blind.

I was reluctant to hand her back.

SAAB

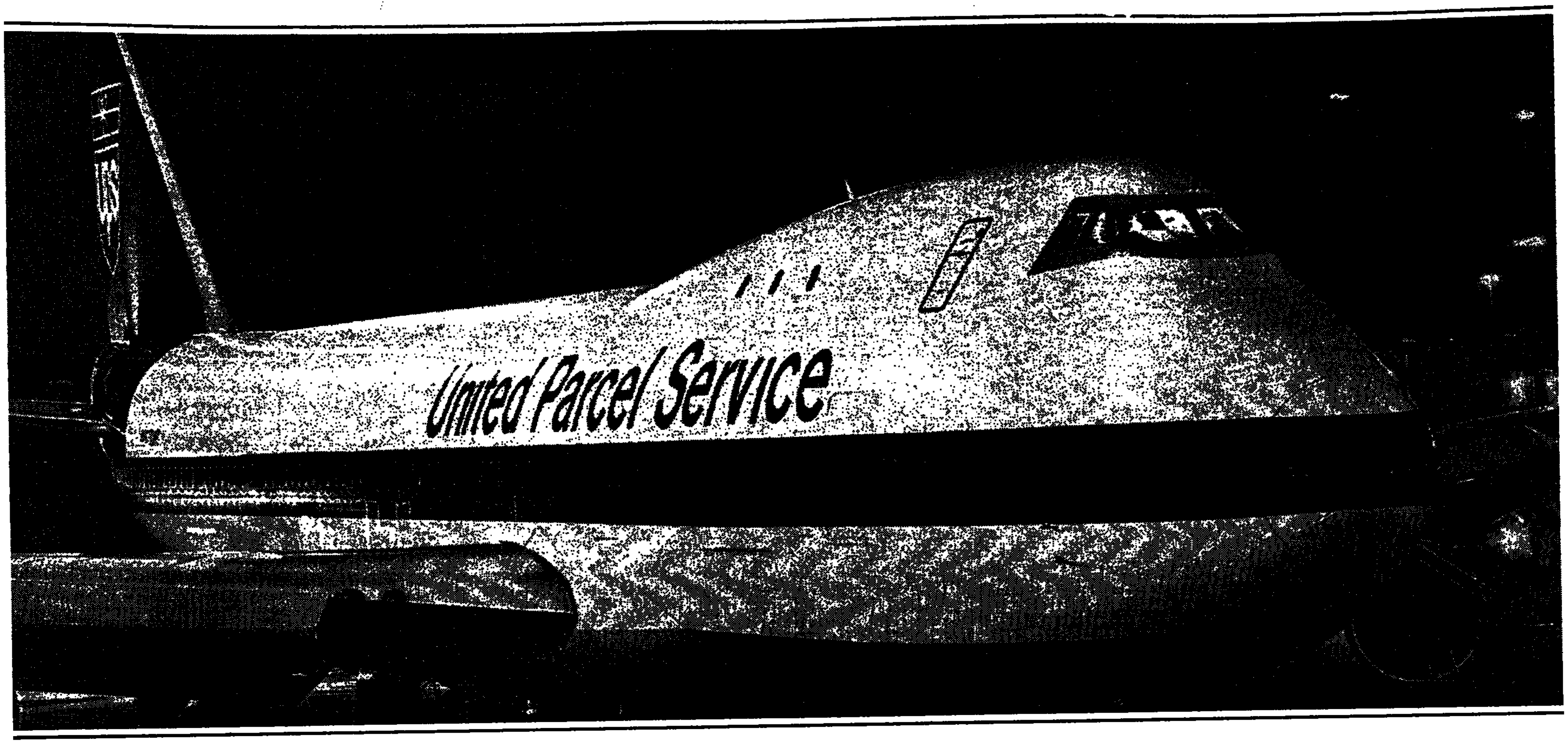
For more information, contact:
Saab Response Service
S-611 81 Nyköping, Sweden, Fax: +46-155-44527

Eligible for a tax-free Saab?
Saab International and Diplomat Sales.
Fax: +46-31 492381

هكذا من الاصل

هكذا من الاعلانات

Your UPS Parcel Has Started To Clear Customs.



Before It's Cleared For Take-Off.

By the time your express parcel or document takes off to its international destination,
the process of customs clearance has already begun.
Before it arrives, our local customs experts will know when to expect it
and what it contains. In fact, everything they need to know to minimize delays.
Thanks to our Electronic Customs Pre-Alert system.
The UPS network connects you with over 180 countries and territories worldwide.
With your package monitored throughout its journey by our electronic tracking system.
Electronic Customs Pre-Alert. Electronic tracking.
A commitment to prompt deliveries, at competitive rates.
Quite simply, at UPS, we aim to deliver a better package.

UPS®

United Parcel Service

As sure as taking it there yourself.

For further information call Austria: Star Air Parcel Service · Tel. 0222/7770 3556 or 3557 Belgium/Luxembourg: UPS · Tel. 02/7517777 Denmark: UPS · Tel. 31/517511 Finland: UPS · Tel. 90/8702477 France/Monaco: UPS · Tel. 1/48925000 Greece: ACS International Ltd · Tel 01/5225912 Hungary: In Time Kuriersysteme KFT · Tel. 1/1424764 Ireland: UPS · Tel. 01/427766 Italy: UPS/Alimondo · Tel. 02/50791 Netherlands: UPS · Tel. 020/6045222 Norway: Aircontact Cargo · Tel. 02/122020 Poland: Servisco · Tel. 22/486949 Portugal: Sadocarga · Tel. 01/607127 or 607595 Spain/Andorra: UPS/Cualladó · Tel. 91/7771411 Sweden: Scanflight AB · Tel. 08/7978000 Switzerland/Liechtenstein: UPS · Tel. 061/3252755 Turkey: Ünsped Paket Servisi · Tel. 01/5826922 United Kingdom: UPS · Tel. 081/8908888 USSR: UPS/Sovtransavto Ltd · Tel. 095/4306373 and 4307069 West Germany: UPS · Tel. 06196/472141 Yugoslavia: Intereuropa · Tel. 41/675102

® Trademark and service mark of United Parcel Service of America, Inc., of USA

'Head of J.Y.M.' by Frank Auerbach, currently at the Marlborough Gallery

A very modern painter

It has long been the case, though one not always acknowledged, that much of the best of current painting being done anywhere in the world is the work of Englishmen. Should the doubtful require example, the even chance is that the first name to be given would be that of Frank Auerbach. With two London shows concurrent, of recent paintings and drawings at Marlborough Fine Art (6 Albemarle Street W1: until October 20) and the complete etchings and further studies at Marlborough Graphics (42 Dover Street W1), and Robert Hughes's much-needed critical monograph lately published (Thames & Hudson £25, 240pp), we may well see the reason for ourselves.

Auerbach, in fact, is English only by adoption, sent alone out of Germany in the spring of 1939 at the age of eight by parents whom he would never see again. But his art is nonetheless English, formed by English education and experience, steeped in the particular English version of the figurative tradition, passed on to him by the hand of David Bomberg, that goes back through Sickert directly to Degas and Ingres. At the its heart lies the constant, unremitting, objective study of the figure, and by extension the real and visible world, tested and confirmed by pragmatic experience. Such was the fundamental practice of the old English art school, until thrown over for wiser studies, more up-to-date, some 25 years ago.

For his part, Auerbach has remained with the figure and the immediate urban landscape, painting from the same few models, year in year out, and the streets and building sites just beyond his studio door. He seldom leaves London and then only for a day or two. And for the great art of the world, the great, seamless tradition with which he so closely identifies, for Rembrandt, Velasquez and the great Venetians – why, Trafalgar Square is just down the road: "I was never out of England – it's as if I saw it all."

Hughes rightly sets great store by Bomberg as the teacher of the young Auerbach, but rather more for his general moral example, his probity as an artist independent of any wordly success, than for his actual practice before the life model. But in making rather less of the practical influence, he is perhaps less than fair, for while the younger Auerbach was most certainly closer to Bomberg in the spirit of earnest, concentrated application, the older he gets, the closer he comes to the freedom and bravura of the older Bomberg, in the sweet richness of the paint and the swift, full swing of brush or charcoal across the surface. It is, in the work of both men, the integrity of the mark with the image, at once entirely distinct and yet potently apt, that takes the breath away.

Auerbach is now, in his late fifties, the great painter he always was in potential. The portrait heads in particular are as remarkable as anything done by anyone at least since the war, at once monumental and immediate, wonderfully alive and yet fixed for ever. Each has its worried, secret history, layer upon layer of pigment, and yet here is the definitive image established as it were in a moment, as assured in its rightness as Zen calligraphy. As Hughes puts it: "Stress produces constants and these constants are the style... Newness rises from repetition. It is the unfamiliar found in the midst of the most familiar sight, like the head of someone you have been painting for twenty years." Auerbach simply remarks that real style is "how one behaves in a *crisis*... to have done something both unforeseen and true to a specific fact seems to me to be very exciting."

International recognition, however, has been long in coming. I remember, in 1986, when at 55 he was at last to represent Britain at the Venice Biennale, being asked by the editor of a North American art magazine just who Auerbach was. Hughes, art critic of *Time* and based in New York, knows all too well the deep, complacent parochialism of the American art world, and is quite right to point the difficulties an artist of Auerbach's dogged consistency and slow development must face in an age that mistakes mere novelty for that essential *newness*.

Certainly it is true that from the late 1960s until the end of the 1970s, good, old-fashioned – in the true sense – conscientious address to the figure and the landscape were generally disregarded by the international commissars of high modern art. But England was different, and it was never true that Auerbach was critically neglected at home. He may not have been given the international exposure he deserved, but he showed regularly – indeed the Arts Council gave him a retrospective in 1978 – and he was always respectfully received. For whatever the current orthodoxy, the independence of his position and his integrity as an artist were always acknowledged.

This is not nit-picking, for no myth, no matter how innocently promoted, serves an artist's true reputation. The distinction worth drawing is rather that in Europe, most especially, in Britain and in what was the Eastern Bloc, is preserved the old understanding that it is in the nature of art for the artist to grow, change and develop in his work over an entire career. It has nothing to do with novelty, instant fame and ready marketability. In Britain, until recently, artists hoped, but never really expected, to live by their work, and were sustained rather by the respect of their peers. In this respect Auerbach was never anything but secure.

Hughes, in a book copiously and beautifully illustrated, does his subject handsome justice, both in his account of the life and his analysis of the work. His last shall be the last word: "...the clear purpose... is to clarify Auerbach's struggle, not to 'express himself,' but to stabilise and define the terms of his relations to the real, resistant, experienced world: which is what art must do, today as yesterday, if it is to be more than chatter." Amen to that.

William Packer

The Flute and Tosca

GRAND OPERA HOUSE, BELFAST

Clare Venables, formerly artistic director of the Crucible Theatre at Sheffield, makes her debut in opera with Opera Northern Ireland's new production of *The Magic Flute*. This is not, of course, the easiest of "first operas" for even the most experienced theatre director to tackle; but if the success of Saturday's opening performance is anything to go by, Miss Venables has a native gift for the medium which deserves to be widely exploited.

Certainly, she has produced one of the freshest, most thought-provoking, and most joyful *Flutes* I have ever encountered. A wave of inspiration seemed to flood out from the stage and sieze the whole theatre; when this particularly opera is being "got right," the performance becomes – as it did on this occasion – life-involving adventure on whose progress cast and audience are jointly engaged. I wanted it never to end, or else to begin all over again at the final curtain – by no means the inevitable *Flute* response.

The production is planned to speak to the Belfast audience in terms of the most uncluttered directness (the use of Jeremy Sams's brilliant ENO translation is no end of help). The decor (designer Tim Reed, lighting Ace McCarron) is no more a series of reversible panels, grey-concrete textured, covered on either side with graffiti (on closer inspection they are revealed to be *Flute* quotes), with a rough back wall on which three temple doors are cartoon-painted in red. The scene suggests an inner-city school playground, alternately transformed into urban wasteland – and yet it is never miserable to the eye, because the transformations are worked with such speed, and because the purpose of the setting is revealed with unarguable theatrical logic.

This is a *Flute* filled with children, seen sitting at school-desks during part of the overture, acting as part-time animals and scene-changers thereafter, filling the auditorium at the finale. The dress (Tamino in cream suit, Pamina in white strapless dress, Sarastro and his followers in dull school-teacher garb) is uncluttered modern; the Ladies (constantly changing into new glamour-suits) and Queen are given the mod-style-consciousness of television entertainers.

In description the production sounds horribly unpromising. In action, the mercurial mixture of the 1990 everyday and the mysterious (Miss Venables's exploitation of Masonic symbolism shows enormous care and wit, and even, in a province full of Orange lodges, a certain daring) is exactly what this opera requires to strike directly into the hearts and minds of an un-specialist audience. To learn to grow up wisely, find spiritual meaning, in a hostile landscape is one of this opera's most important themes; very rarely have the players of Tamino and Pamina entered into this maturing process as vividly as they do here. Perhaps the qualities of *Flute* nature-beauty and picturesqueness are lost along the way; in context, they are a small sacrifice.

This is, in sum, a revelatory experience. To my mind, indeed, it achieves everything the much-hyped Peter Sellars staging at Glyndebourne was supposed to, with infinitely less self-aggrandisement and a far more humble approach to the text. And musically, the Belfast performance has a polish sorely lacking this summer in the *Heil'gen Hallen* of East Sussex. Kenneth Montgomery, company artistic director and himself a Glyndebourne alumnus, conducts the Ulster Orchestra with a beautifully judged mixture of gravitas and fleet-footedness; some of the speeds are daringly fast or slow, but the production and the music continually illuminate each other.

The stars of the cast are John Mark Ainsley (the most lyrical and musical of the young British tenors) as Tamino, Rosemary Joshua (a vibrant, passionate yet disciplined Welsh soprano) as Pamina, and above all the Papageno, rueful English-Northern, of Geoffrey Dolton. He plays the audience with the sort of inspired zaniness, now near-camp, now broad burlesque, that must have had Schikaneder smiling down from the heavens; his rubber features and liquid baritone are used with a master's control. The spitfire Queen (Nicola Sharkey), the grave, sometimes irascible Sarastro (Stephen Richardson), and the excellent Ladies and Boys (six of the latter!) demand a mention; the actor Clive Rowe (unforgettable in the Royal National Theatre *Fuente Ovejuna*) is the most believeable and significant Monostatos I have ever seen.

"Rush off to Belfast for this *Flute*" may sound unlikely operatic advice; but it is earnestly meant. The companion-piece of the 1990 ONI season, *Tosca* (done in Italian with inadequate surtitles), is on a more ordinary level. Yet it too is freshly offered. The playing of the Ulster Orchestra under Christopher Bell (a musical, insufficiently tension-eliciting conductor) is excellent. Bliss Hebert's production is clean-lined.

And the casting of the principals is imaginative. The French Sylvie Valayre may not be one of nature's Toscas, but she is attractively youthful, with an individual-timbred soprano rather hard in edge but quick in attack; Daniel Doster, a tall, not very forceful American tenor, brings lovely unforced lyricism to Cavaradossi's more reflective passages. Last year's sensational Gounod Mephistopheles, Frédéric Vassar, shows us a Scarpia of such aristocratically suave, elegantly styled menace as to obliterate most recent incumbents in the role (including those baritones more naturally suited to the voice-writing) from memory.

Max Loppert

Eleanor Bennett, Therese Feighan and Riona Bradley as the Three Ladies in 'The Magic Flute'

The Waterboys

APOLLO THEATRE, OXFORD

Though entirely dominated by their singer/writer Mike Scott, The Waterboys are not quite a Irish one-man band. The personnel seems relatively stable, and the current four-piece outfit assembled for the new album *Room to Roam* contains faces familiar from its fine predecessor of 1988, *Fisherman's Blues*.

Yet some of the more attractive trappings of the earlier songs have gone – there is, significantly, no fiddle in the current concert line-up – and with them, on Sunday night's showing at least, a good deal of the distinctive energy and appeal.

The Oxford show, mid-way through a British tour that reaches London next weekend, was only fitfully engaging, and too often perfectly anonymous. No doubt any sensible band dreads the prospect of becoming tied to a single marketable formula, and Irish rock currently offers a pair of trusty alternatives – to go west with U2 or to stay closer to home with a folk-based blend.

But in electing to find a path of their own the Waterboys appear to have lost all sense of direction. The songs pulled out of the new collection had a noisome mawkishness that recalled, perhaps a bit unkindly, an Irish lad of another generation Gilbert O'Sullivan: Scott at the piano, flat cap 'n all, pounding out basic riffs and fashioning some cloying lyrics.

Those were the low points. The Waterboys were at their best when harking back – to the eponymous "Fisherman's Blues," its yet more distinct companion piece "Strange Boat" and an energetic reworking of Dylan's "Everything is Broken" (Scott's vocal style owes much to that source), and in a couple of flashes of unbounded Irish folk.

But too often it headed out into the mainstream of contemporary rock, where their playing lacks any kind of instinctiveness or flair. The subject matter may still be bounded in Ireland, but the music has lost the rhythmic energy it distilled from that tradition, and with it a good deal of distinction.

Andrew Clements

Soldiers cancelled

The touring production of Rolf Hochhuth's *Soldiers*, which was to open in London on October 2, has had to be cancelled owing to the poor health of the actor in the leading role of Winston Churchill, David Newark.

Musica Nova

GLASGOW

Since 1971 the Scottish National Orchestra, Glasgow University and BBC Scotland have combined forces every two or three years to present a week of contemporary music. Because Musica Nova is orchestra-based, it is necessarily distinct from, say, Huddersfield's more extensive annual programme in which smaller-scale events are the norm, and the sprinkling of orchestral concerts a positive luxury. Over the years a formula has been established: rather than scatter-shot performances spread across the whole spectrum of new music, each festival fastens on to a group of four composers-in-residence, with an emphasis on their recent works.

The eighth Musica Nova, which ended on Saturday, brought together a thoroughly heterogeneous quartet – John Cage, Wolfgang Rihm, Nigel Osborne and James Macmillan. There were brand-new commissioned pieces from all of them – concertos from Macmillan and Osborne, an orchestral work (as well as a number of British premieres) from Rihm, while Cage furnished his *Scottish Circus*, a characteristic gallimaufray of improvised fragments for the traditional Scottish folk band the Whistlebinkies. The Cageian formula seems so familiar nowadays that he appears to offer an off-the-peg festival package, for which any organiser can expect him to dispense his undeniable charm and beatific smile, and come up with a more or less riotous collage to suit the occasion. One gains no more insights into the composer in the process, or any longer perspective on his achievement; perhaps that's the point.

Nor, alas, did the Osborne works I heard in Glasgow suggest any new lights on his recent development. Osborne is marvellous value in these circumstances, a formidably articulate debater and tirelessly open-minded enthusiast, yet his own music appears to have marked time since *The Electrification of the Soviet Union* in 1987. The new Violin Concerto, played authoritatively by Ernst Kovacic with the Scottish Chamber Orchestra and Paul Daniel, was fluent, rather densely scored (especially in the close-up acoustic of the Henry Wood Hall) and ultimately lacked the memorability of his 1977 Cello Concerto which had been included in the previous evening's concert. Where the cello work has a finely moulded shape, and a sequence of crisply focused musical images, the Violin Concerto is almost stream-of-consciousness manipulation, as if Osborne was applying his methods by rote. He has too much talent and too much intelligence to be satisfied with that kind of routine for long.

With Macmillan and Rihm, however, one made substantial progress, though not always of a predictable kind. Few European composers needed systematic exposure in Britain more than the 38-year-old Rihm: his output is vast, and bewilderingly varied, and what seem like momentous sea changes in style from one piece to the next have yet to be related to the personality of the composer. An absorbing two-hour lecture in Glasgow filled in some of the jigsaw, revealing not only a thoroughly engaging personality, but an instinctively musical one. He adheres to no school or system, but immerses in the physical properties of each composition in an almost tactile way, so that his description of them as "sound sculptures" seems not at all misplaced.

From the works played at Musica Nova and the tapes which illustrated his talk, the most fruitful point of contact with Rihm's recent music might be through the final works of Luigi Nono. There is a similar fastidious concern for the smallest scraps of sound, for working on the blurred edge between music and noise; as in late Nono too bell sounds glint through his textures. The commissioned work, *ins offene*... is dominated by metallic resonances. Antique cymbals, trumpets and solo violins dispersed around the hall set up a dialogue with the main instrumental group on the stage; the webs of sound are always fragile, the pace measured, climaxes and accelerandos short-lived. The music fades away as enigmatically as it was brought in: the territory has been only partially explored and another, quite different, journey through it would be a real possibility.

Macmillan came to this festival as the brightest hope of Scottish music, with the success of his Edinburgh and Proms performances just behind him. The immensely popular Proms piece, *The Confessions of Isobel Gowdie*, was repeated here (just as finely played by the BBC Scottish Symphony and Jerzy Maksymiuk) and received with equally massive enthusiasm, but the small doubts that a second hearing raised were intensified by the subsequent Macmillan orchestral pieces and particularly by the new piano concerto, *The Berserking*.

Isobel Gowdie treads a fine line in its fusion of models; the balance is just about maintained and the pacing assured enough to carry the listener through the doubtful moments. In *Tryst*, a substantial chamber-orchestra piece from 1989, the pacing fails; it is too long, makes its expressive point (the intricate presentation of a folk-style melody) with too much self-conscious rhetoric, and allows Stravinskian muscularity to overwhelm any hint of deeper individuality.

The Berserking comes with a lucid programme note in which Macmillan invokes the Scottish nationalist cause and football as the starting points for a study in the dynamics of "mass human energy." The piece was written for Peter Donohoe and realised by him with great panache; the SNO was conducted, most effectively, by Matthias Bamert. Here the regulation propulsiveness is grafted onto keyboard figuration from middle-period Bartók, with elements of Messiaen and Varèse added for good measure. There is no attempt at a synthesis; each voice is unsullied, and the resultant stylistic jolts are enormous. Which is not to deny Macmillan's substantial talent, simply to suggest that in attempting to create an accessible language (for the most convincing political and religious motives) he has gone too often for the easiest option. His earlier music does not take such facile ways out, and one hopes he will regain that better balance in time for the opera he is writing for the Traverse Theatre.

Andrew Clements

Jazz musical at Stratford East

A jazz musical by Clarke Peters, *Five Guys named Moe (or Dudes in the Night)*, featuring the music of Louis Jordan and choreographed by Charles Augins, will open at the Theatre Royal, Stratford East from October 12 to November 24.

The cast, which includes Clarke Peters, Kenny Andrews, Paul J. Medford and Peter Newton, is directed by Paulette Randall with vocal arrangements by Chapman Roberts.

ARTS GUIDE

September 21-27

OPERA AND BALLET

London

Royal Opera, Covent Garden. The opening production of the new season is *Turandot*, in a production by Andrei Serban. Ghena Dimitrova, Vladimir Popov, Lucia Mazzaria and Robert Lloyd take the leading roles, and Colin Davis is the masterly conductor.

English National Opera, Coliseum. Highlight of the whole London operatic week is the city's first showing of *Greek*, an opera by the young English composer Mark-Anthony Turnage based on the Steven Berkoff play which caused a sensation on its previous appearances (in Munich and Edinburgh). The cast of four – Helen Charnock, Fiona Kimm, Quentin Hayes, Richard Suart – is conducted by Richard Bernas. More performances of the cogent, boldly Expressionist new production of *Wozzeck*, conducted by Mark Elder, staged by David Pountney, with Donald Maxwell in the title role; and of Jonathan Miller's 1940s-style *Tosca* production – a good idea not very successfully realised.

Dance. The only dance in London is the Ballets Africains at Sadler's Wells.

Paris

Théâtre de la Ville. Jan Fabre is followed by Merce Cunningham and the Merce Cunningham Dance Company with *Inventions*, *Fabrications* and *Field and Figures* in whichhe continues, now aged 70, with his revolutionary conceptions of contemporary ballet (42742277).

Chatelet. The new production of the dramatic legend *La Damnation de Faust* is performed by the Philharmonia Orchestra with John Eliot Gardiner as conductor and by the Théâtre du Chatelet choir conducted by Donald Palumbo (40282840).

Brussels

Théâtre Royal de la Monnaie. The Monnaie opera in Verdi's *Simon Boccanegra*. The Monnaie Symphony conducted by Sylvain Cambreling. Jose Van Dam (bass) as Simon, Nancy Gustafson (soprano) as Amelia and David Pittsinger as Fiesco (Tue). Part of the Festival of Flanders.

Salle Saint Michel. The Max Zygmunt Orchestra in Mozart's *Don Giovanni* conducted by Philippe Mercier, staged by Ronny Lauwers with Jo Baert, Rosa Brandao, France Emond, Anna Marsilio and Werner van Mechelen (Thur) (010-47 48 76).

Amsterdam

The Netherlands Opera with its acclaimed new production of Richard Wagner's *Parsifal* directed by Klaus-Michael Grüber. Netherlands Philharmonic is conducted by Harmut Haenchen, with Barry McCauley in the title role. Muziektheater.

The Hague

Nederlands Danstheater with three Kylian ballets: *Overgrown Path*, *Svadebka* and *Sarabande*. AT&T Danstheater (360 4930).

Parma

Verdi Festival (until Sept 30). Gustav Kuhn conducting Verdi's *Alzira*, with a cast of young prize-winning singers and the Bologna Comunale orchestra (at Teatro Magnani in nearby Fidenza). Daniel Oren conducts *Il trovatore* at the Teatro Regio in Parma, in an edition revised by David Lawton, with an excellent cast led by Raina Kabeivanska, Nicola Martinucci, Leo Nucci and Bruna Baglioni (218687).

Berlin

Opera. *Die Zauberflöte* is a well done repertoire performance. *Die lustigen Weiber von Windsor* features Lucy Peacock, Gudrun Sieber, Patricia Johnson, Alfred Kuhn and Barry McDaniel. *Cosi fan tutte* has a strong cast led by Angela Denning, Mariana Cioromila, Carol Malone, Alejandro Ramirez and Andreas Schmidt. *Der fliegende Holländer* with Robert Hale, Janis Martin and Gerd Brenneis.

Hamburg

Opera. The revived *Elektra* in August Everding's production stars Eva Randova, Gwyneth Jones, Linda Plech, Harald Stamm and Ticho Parly, conducted by Gerd Albrecht. *Tosca* has Natalia Troitskaya outstanding in the title role. *Fidelio*, conducted by Nikolaus Harnoncourt has fine interpretations by Josef Protschka, Ana Pusar, Matti Salminen and Hartmut Welker.

Frankfurt

Opera. William Forsythe's ballet *Limb's Theorem* is again offered this week. *Monsieur Beaufolais* and his company play three one act pieces by Jacques Offenbach. *Macbeth*, the second successful opera production by Cesare Lievi, has Rosalind Plowright excellent in the title role.

Bonn

Opera. The successful new *Rigoletto* production by Graham Vick, is wonderfully sung by Jean-Philippe Lafon in the title role, Mariella Devia, Dennis O'Neill and Stephen Dupont. *Coppelia*, choreographed by Youris Vamos.

Stuttgart

Opera. *Die verkaufte Braut* is a Gian Carlo del Monaco production. *Werther* features Yasuko Rozaki, Marilyn Schmiege, Marcela Holzapfel, Neil Wilson and Tero Hannula. *Lohengrin* is sung by Ruth Gross, Eva Randova, Toni Kraemer and Anthony Raffell. *Figaros Hochzeit* rounds off the week.

Munich

Opera. Nicolaus Lehnhoff's Ring cycle returns with *Die Walküre* and *Siegfried*, both conducted by Wolfgang Sawallisch with star singers Rene Kollo, Hildegard Behrens, Julie Kaufmann, Robert Hale, Sabine Hass, Marjana Lipovsek and Martti Salminen. Francesco Cilea's rarely played *Adriana Lecouvreur* is perfectly cast with Margaret Price, Bruna Baglioni, Neil Shicoff and Claes Ahnsjoe.

Cologne

Opera. *La Finta Giardiniera* features David Griffith, Teresa Ringholz, John la Pierre, Janice Hall, Jane Bunnell, Daria Brooks and Reinhard Dorn. *Madame Butterfly* convinces thanks to Hiroko Nishida, brilliant in the title role. *Siegfried*, part of the new Ring cycle in a co-production with the Düsseldorf Opera, produced by Kurt Horres, brings Wagner specialists William Johns (Siegfried), Guenter von Kannen (Alberich), Tone Kruse (Erda) and Deborah Polaski (Brünnhilde) together.

New York

Metropolitan Opera. The season opens with Franco Zeffirelli's production of *La Bohème* with Mirella Freni, Placido Domingo and Brian Snexnayder, conducted by Christian Badea along with Zeffirelli's productions of *Don Giovanni* and *Rigoletto* conducted by Guido Ajmone-Marsan with Jerry Hadley in Otto Schenk's production (362 6000). New York City Opera. The week features *Street Scene* in Jack O'Brien's production conducted by Chris Nance with Margaret Cusack and Kevin Anderson. Lotus Salemno conducts Frank Corsaro's production of *Tosca* with Edith Davis as Floria Tosca, Stefano Algieri as Mario Cavaradossi and Harry Dworchak as Baron Scarpia. New York State Theatre, Lincoln Center (870 5570).

Chicago

Lyric Opera. The company's 36th season opens with Gluck's *Alceste* with Jessye Norman in the title role, Chris Merritt as Admete and John Brandstetter as the high priest in Robert Wilson's production conducted by Gary Bertini. Civic Opera House (332 2244).

Free hand delivery service in TORINO (Centro Città)

If you work in the business centre of Torino, gain the edge over your competitors.
Have your FT personally delivered to your office at no extra charge.

For full details please contact

INTERCONTINENTAL
S.r.l., MILANO
Tel:(02) 688 7041
Tlx: 330467
Fax: (02) 688 1667

FINANCIAL TIMES

هكذا من الاصل

A pond in South Yorkshire, as seen from the 07.57 York to Kings Cross.

We'll bring eggs, bacon, sausage and tomato to the table and duck to the window. Our steward will serve you a great British breakfast, while England slips by your window; for a business trip doesn't it smack a little of pleasure?

FIRST CLASS
PULLMAN

INTERCITY

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday September 25 1990

How not to create jobs

IN HER speech to the College of Europe in Bruges, of September 1988, Mrs Margaret Thatcher argued that "we have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level." Her critics responded that her identification of Brussels with unbridled dirigisme was nonsense. In the directives being introduced under the European Community's Social Charter of workers' rights, however, the Commission seems to be going out of its way to prove her right.

The first problem with these proposals is that they will prove counter-productive. The second is that they are not needed. The third is that the Commission is claiming powers that it may not have.

The fundamental difficulty in the EC's labour markets is that they do not work very well. Structural unemployment has characterised EC countries since the first oil shock, and now exists, alongside shortages of skilled labour, in too many regions of Europe.

Into this arena has stepped the European Commission. Up to 20 proposals for regulation of labour in member states are expected this year and next. The first five already suggest that the Social Charter will prove to be far from the mirage that some pretended.

The Commission first addresses what it quaintly calls "atypical work". Despite some efforts to adjust its ideas to the current decade, the Commission's notion of how work ought to be organised remains rooted in the past. It proposes that part-time and temporary workers must be entitled to the same working conditions as the permanent, full-timers it regards as typical.

Social dumping

The Commission believes these peripheral workers must be protected from a sort of internal "social dumping," in which employers transfer work to the cheapest employee available. The object of helping the most vulnerable players in the labour market into well-rewarded jobs is laudable. But any such requirement must increase the costs of employing part time workers. The Commission's project could throw many of the "atypical" workers it wants to protect back into unemployment, where they will join the 12.5m already unemployed.

Such regulation would be harmful even now. But they could be still more dangerous under economic and monetary union when the principal mechanism of adjustment is bound to be changes in relative real wages. Such changes do not occur by magic. They can only occur if some workers are able to undercut others.

Labour costs

In justifying the directives, the Commission persists in claiming that variations in labour costs distort competition among member states. But freedom to offer work at a lower cost is a manifestation of competition, not a distortion. The absence of such regulations in individual members states may favour some workers and some forms of work over others, but they cannot advantage a whole economy. It is perfectly possible, therefore, for economies to trade, to their mutual advantage, even if their labour market regulations are quite different.

However unconvincing, the argument that variations in labour costs distort competition is shrewd. The Commission is acting at the extreme of its powers both in the substance of the directives and in the way they have been justified under the Treaty of Rome. The part-time, temporary work, and working time directives would force big changes in employment and social security law in many countries. But several are being introduced as concerned with economic competition or health and safety, and so would require only majority voting.

The Commission should think again. The radical element in the entire internal market programme is the mutual recognition of regulatory regimes. There is no reason why that principle should not apply to the labour market, with different approaches operating side by side. It may turn out that the labour markets that perform best are those with the regulations the Commission desires. But that lesson can be learned; it should not be imposed from above.

Spain heading for crisis

POLITICALLY, Spain's entry into the exchange rate mechanism of the European Monetary System, just over 14 months ago, has proved a great success. But Spain's serious economic weaknesses – high inflation, high unemployment, and now a gaping current account deficit – have not disappeared. The economic gains from membership are not yet apparent, and may be won only at considerable expense.

Spain joined the ERM with its inflation rate at 7.1 per cent. A full year later that rate had fallen less than one percentage point. The economy has continued to expand rapidly, despite short-term interest rates over 15 per cent. Nominal wage growth has accelerated this year, averaging over 8 per cent. The strong exchange rate has squeezed the competitiveness of Spanish exporters, with the real effective exchange rate appreciating by 13 per cent since June 1989. In consequence, the current account deficit has risen to around 3½ per cent of GDP this year.

All domestic indicators point to a seriously over-heating economy, with little sign of a fall in inflationary pressures. High short-term interest rates are the only weapon currently employed in an hitherto losing fight against the surge in demand. But the Bank of Spain has been under pressure from its European counterparts to reduce these rates to preserve the stability of the ERM and ease pressures on their respective monetary policies.

The peseta moved quickly to the top of its allowed band last year and has remained thereabouts ever since. The popularity of peseta assets results from an interest rate differential of 6.7 percentage points over German short-term rates. Up to now, short-term investors have been faced with what they see as an attractive one-way bet.

Exchange rate target

Such an interest rate differential is only sustainable in the long-term if a depreciation of the currency is expected. But the probability of this event has not been high enough to outweigh the interest rate gains.

In the absence of an exchange rate target, the currency would appreciate until that probability became overwhelming. But this process cannot occur if, as in Spain, the monetary authority is maintaining a fixed exchange rate. Monetary policy must then be influenced by the need to maintain the exchange rate target. Interest rates may be driven down by upward pressure on the exchange rate, the result being excessive domestic monetary growth. Ultimately, the expansionary domestic conditions will undermine the credibility of the fixed exchange rate. Credibility must then be secured through a willingness to maintain high interest rates in support of the fixed exchange rate, however painful the consequences.

Cost of adjustment

To reduce the costs of adjustment to the fixed exchange rate, the Bank of Spain has tried to control the capital inflow through the use of exchange controls, while employing direct controls on bank lending to curb nominal demand. All exchange controls are, however, due to be lifted by 1993. Moreover, the rapid growth of the commercial paper market over the past year shows that direct controls on bank lending are ineffective as a secondary arm of monetary policy.

Nominal demand growth must be brought under control. The Spanish authorities should tighten fiscal policy, through tax increases and better tax collection, to cut disposable incomes. This would relieve the pressure on monetary policy as the sole tool for managing domestic demand. The budget deficit must be eliminated in the forthcoming budget, and nominal wage growth reduced if convergence of inflation to German levels is to be achieved at reasonable cost.

Monetary policy cannot hit conflicting external and domestic targets simultaneously. Effective complementary policies to constrain domestic demand and the growth of nominal wages are required. Otherwise, with policy makers determined to avoid devaluation, the inevitable consequence of rising unit labour costs and dwindling competitiveness will be a severe recession.

Soccer is asking for more funds, write **Philip Coggan, William Dawkins** and **John Wyles**

Business pitches in

Old stock market hands have a firm investment rule: "Never buy shares in a company which has a chairman involved in a football club." But neither investor suspicion nor the shaky state of soccer's finances have dissuaded European businessmen from involvement in the sport.

Robert Maxwell's offer to help refinance Tottenham Hotspur is one example of business's willingness to come to football's rescue, despite the continuing problems of hooliganism, expensive safety commitments and rising wage bills. Every time an English League club has veered towards bankruptcy in recent years, a last-minute saviour has been found, the most recent example being Mr Spencer Trethewy, the 19-year-old property developer who rescued Aldershot.

For those businessmen who do get involved, status is probably a much stronger motive than financial reward. Self-made entrepreneurs find that ownership of a club gives them a prominent position within the local community and is also a means of displaying their success to people who have no interest in business.

One of the few businessmen to employ football as part of a wider strategy is the Italian Mr Silvio Berlusconi who has used ownership of AC Milan to help his television stations in the ratings battle against the state broadcasting authorities.

Few football clubs in Europe can survive without the backing of a wealthy patron; many need the support of local authorities as well. The economics of football are extremely discouraging.

The main asset of a club, its ground, may be worth a large sum, but only if an alternate use can be found. Selling a rundown inner-city ground for re-development and moving to an out-of-town site has been an attractive decision for some Continental clubs. But it is a trick that can only be used once.

In Britain, supporters have been highly resistant to ground changes and local councils have been unwilling to grant

For businessmen, status is probably a stronger motive than financial reward

planning permission for re-development. Clubs are left with an asset which is expensive to maintain and which brings in revenue on only 30 days a year.

The position on costs is little better. To attract large crowds, clubs need successful teams. To do that, they need to spend large sums on players. The result has been a wages spiral. The best players command six- and seven-figure salaries. Small clubs find they cannot compete and thus have little chance to achieve greater success or draw larger crowds.

The Holy Grail in terms of financial security is television, which is prepared to pay highly for the young male viewers football can attract. But armchair spectators want to see the largest clubs and the result has been a concentration of power as the top clubs, fuelled by television income, have poached the leading players from all over Europe for ever-higher transfer fees.

Some club owners, with one envious eye on the lucrative links between American Football and television, have mooted a European "Super League" with élite clubs selling the rights to show games to eager terrestrial and satellite stations. Such plans have yet to bear fruit, and the spread of hooliganism may yet put a stop to the ambitions.

The most striking example of an élite system of clubs is to be found in Italy. As the owner of Juventus, Mr Gianni Agnelli devotes considerable time and emotional commitment to promoting the fortunes of the club – as he does to those of the family group, Fiat. Polls suggest that Juventus is the most widely-supported team in Italy, although the crowds it attracts in Turin do not match those of its two rivals in Milan.

Among Mr Agnelli's emulators, Mr Berlusconi has probably done the most to change the economics and marketing of Italian soccer. AC Milan's success in recent years has owed much to the $21m purchase in 1987 of the Dutch stars Marco Van Basten and Ruud Gullit. A winning team has provided the vehicle for a flourishing club magazine and marketing organisation.

Mr Berlusconi's successes have in turn forced an Agnelli riposte. Last season's Juventus victories in both the UEFA and the Italian Cups were insufficient to satisfy the Fiat boss. He transferred the ownership of Juventus from the family holding company, IFI, to the Fiat group. The club then splashed a breathtaking $48m on the purchase of new players, including the Italian World Cup star Roberto Baggio and the Brazilian Julio Cesar.

It is clear that only the rich can provide the money to maintain success at the top Italian clubs. Stars like Diego Maradona of Napoli command $3m or more a season and any Italian entrepreneur feels himself judged by the measure of how many big names he can shower on his club. Mr Corrado Ferlaino, the construction boss who controls Napoli, made himself a local hero with the purchase of Maradona and a local god after the two league championships that the club has won since the Argentinian's arrival.

The recent involvement of prominent French businessmen in football clubs has yet to show the success of the Italian example. The continuing rise in players' salaries and transfer fees plus a stagnation in match attendances has forced most of the big clubs into loss.

Marseille received FFr14m (£1.4m) from its city authorities last year, Bordeaux got FFr8.3m, while Nantes was propped up to the tune of FFr10m, according to a study carried out for the Association of French City Halls. The French sports daily, l'Equipe, reckons the average player at Marseille gets a monthly salary of more than FFr152,000, rising to nearly FFr207,000 at Bordeaux, the country's top-paying club.

To make matters worse, tax evasion and other financial irregularities are feared to be rife. The entire first division is being investigated by the Finance Ministry for possible breaches of tax regulations. This is in response to a study of financial irregularities presented to Mr Michel Charasse, the Budget Minister, last spring by Mr Bernard Tapie, the flamboyant businessman who is president of the highly successful Olympique de Marseille (OM) in his spare time.

Girondins de Bordeaux are the first to fall under the spotlight, with the opening of a tax inquiry last month into the affairs of Mr Claude Bez, president of the debt-ridden club. The Girondins need at least FFr150m in new capital, a requirement which has caused rows in Bordeaux town hall.

If Mr Tapie's campaign is now shaking up rival clubs, France's pioneer footballing businessman was Mr Jean-Luc Lagardère, chairman of Matra, the diversified defence and electronics group. Mr Lagardère hung up his boots last year, after investing more than FFr300m of the group's cash in Matra Racing, formerly known as Racing Club de Paris. Matra Racing turned in a consistently poor performance, did very little for its sponsor's public image and had an endless appetite for cash.

Mr Tapie, who recently acquired the sports goods company Adidas, claims to have contributed not one franc to the club's coffers, though he does guarantee debts up to FFr90m. However, OM has done well under Mr Tapie's command. Last year, it won both the French League and the Cup.

Britain has not yet seen a successful combination of flamboyant businessman and victorious club owner. Liverpool, the dominant club side, has long-standing links with the Moores family, owners of the Littlewoods pools and stores business. But the family has kept well in the background behind a succession of hard-bitten managers.

Tottenham Hotspur, the club which first took the initiative of floating on the stock market, has had little success in its strategy of diversifying into other leisure interests. The oft-stated criticism of the fans has been that the club is more interested in making money than in football. Ironically, at the very time that Tottenham's

Few clubs in Europe can survive without the backing of a wealthy patron

finances have been shown to be in disarray, the team is playing better than it has in years.

Mr Maxwell's interest in Tottenham is only the latest of the publisher's forays into football. Earlier this year, he acquired two of the largest clubs in Israel. Mr Maxwell, who clashes frequently with the sport's authorities, is probably the closest Britain has to a football entrepreneur on the Tapie and Berlusconi model. But while the clubs where he has been involved – Oxford and Derby – have had modest success, he has yet to own one of the big name clubs.

None the less, with British clubs now back in the European competitions, and with satellite television bidding for broadcasting rights, it would be a surprise if a footballing entrepreneur in the European mould does not emerge in the UK.

Sterling and ERM

Thatcher-Pöhl entry block

By Samuel Brittan

The best comment on the recent gyrations of the British economy shows the prime minister and chancellor sitting up in bed like a long-married couple, staring at a newspaper headline saying "Pound Slumps". The John Major figure remarks: "If you just stop talking Margaret, it might go up."

UK TRADE VOLUME % change (exc. oil and erratics)	Imports	Exports
1986	+7.1	+2.4
1987	+8.8	+7.6
1988	+14.6	+4.4
1989	+7.4	+9.2
1990*	+2.0	+7.6

*First eight months annualised. Source: CSO

The latest phase of sterling weakness followed a remark attributed to Mrs Thatcher in Berne: that the British inflation rate would have to fall several points before the pound could join the ERM. Happy times are here again.

But Thatcher is not alone. She has frequently been aided and abetted in her efforts to keep the UK out of the ERM by Karl Otto Pöhl, the president of the Bundesbank. Of course, his remarks last week have been interpreted as referring only to European Monetary Union. This is 100 per cent convincing in relation to the Bundesbank report, but less so in relation to Mr Pöhl's informal remarks at his press conference.

Mr Pöhl has never really taken on board the modern view of an exchange rate anchor as a help in reducing inflation rates. The ERM was set up despite rather than because of the Bundesbank. The Bundesbank has just not been able to stop EMS countries such as France and Italy from using the D-Mark link to get domestic inflation down.

The latest and potentially most dangerous of this unreconstructed thinking is the common assent of both the US administration and the Bundesbank to the depreciation of the dollar, a policy which spells nothing but trouble for both the US and the world economy. None of this is to decry the achievements of the Bundesbank in securing low inflation in Germany.

Nearer home, Mr Major will soon have to decide whether to show whether he is master in his own house. The domestic reason that has held some Treasury advisers back is that the August Retail Prices Index, which came as a nasty shock to them, showed a widening of the inflation gap compared with the EC. The gap between ERM countries and the UK underlying rate, rose from 3.2 to 3.7 per cent.

The widening of the gap is a short-term phenomenon, reflecting factors such as the faster push-through of oil prices in the UK. All forecasts show a large fall in the headline gap in 1991. The thing most likely to falsify them is a drop in sterling, from waning market belief in ERM entry.

The Treasury's ideal scenario of ERM entry around the time of the autumn statement in mid-November has the advantage of coming after two further inflation figures, by which time the recorded headline rate should have peaked. It has the overwhelming disadvantage of coming when a shooting war in the Middle East is most likely and when middle-of-the road opinion will support the prime minister in resurrecting her veto.

It is said that Middle Eastern turmoil is bad for fixed rate systems. In fact Bretton Woods collapsed before the first oil crisis of 1973 and the EMS itself started at the time of the second Iranian oil explosion. It is just as easy to argue that when sterling may be buffeted in either direction, an anchor is more needed than ever before. The most worrying aspect is the domestic political risk that is being taken in not entering the ERM when there is a favourable political opportunity which will not recur in this parliament.

How little sterling is now a petro currency can be seen by the profile of its rise this year. Nearly all of it took place before the invasion of Kuwait, on the eve of which it stood at DM2.95, around which it has fluctuated ever since. It fell to a low point of DM2.91 at the end of last week following the remarks of both Mr Pöhl and Mrs Thatcher. It recovered somewhat yesterday after John Major's restatement of the British position, and after the silly one-month trade gap proved less than market forecasts.

The intelligent teenage student will concentrate on the slow underlying trend towards improvement shown in the table. The year 1990 has been the first since 1986 in which export volume, excluding oil and erratics, has been rising faster than imports – 7.6 per cent compared with 2.0 per cent at the annual rate. On four monthly comparisons the improvement accelerated slightly, but trade indicators are too erratic to draw much comfort from them.

UK Balance of Payments

	Current account (£bn)	Balance as % of GDP	Balancing item (£bn)
1987	-4.2	-1.0	+3.7
1988	-15.2	-3.2	+8.1
1989	-19.1	-3.7	+15.1
1990*	-18.6	-3.5	+11.5**

*First eight months at annual rate; **First two quarters at annual rate. Source: CSO

OBSERVER

How to be fire-proof

■ As even John Major, the Chancellor, edges towards admitting that the UK is entering a recession, the omens are that much of its weight will fall on middle managers.

Heads of big British industrial companies have long been lamenting that one of their weaknesses is that they are overstaffed in the middle ranks. One manufacturing chief says that whenever he sees news reports of the sacking of a few dozens in the City, he is reminded of the hundreds he needs to shed.

The main reason why surplus middle-rankers have been kept on so far is apparently that, having come to know them fairly closely, their chiefs have been reluctant to throw them out. Now gloomy economic prospects are likely to harden the corporate heart.

Managers in the firing area might do well to take note of the advice given a couple of recessions back by Tom Carew, a pioneer of redundancy counselling.

He said that, in his copious experience, the executive victims of redundancy exercises are not the people who have produced the worst results, but the ones whom their bosses find easiest to sack.

"So the best defence is to cultivate the impression that if your name ever appears on a redundancy list, your head of department will be in for trouble. For instance, you will embarrass him in his golf club, your spouse will berate his in the local supermarket, and your kids will arrange for his kids to be bullied at school."

Bain's change

■ There is a big gap between the confectionery industry with its slick marketing strategies, and the textile industry with its image – however undeserved these days – of dark satanic mills.

Neville Bain, aged 50, is about to try to bridge that gap by swapping his job as finance director of Cadbury Schweppes for the chief executive's seat at Coats Viyella.

Bain has been a Cadburys man for 26 years, "almost since infancy", he says. He joined the group in his native New Zealand after six years of accountancy. In his time with Cadbury he has worked all over the world before becoming group finance director and deputy chief executive two years ago.

The textile industry will, he says, be very different. But he hopes to bring a "fresh approach" to Coats.

He has had plenty of experience of running a multinational company. Time alone can tell whether the lessons of that experience can be transferred from fizzy drinks and chocolate to cloth and clothes.

Cop out

■ Hong Kong's criminal fraternity appears intent on gaining the upper hand over the colony's police force as fears mount about a perceived breakdown in law and order.

No longer content with staging shoot-outs in the busy shopping district of Central, two enterprising crooks posed as telephone repairmen and broke into the house of the Commissioner for Police Li Kwan-hwa. After tying up the family maid, and brushing aside the cries for help of Mrs Li, the robbers made off with an undisclosed amount of jewellery.

The break-in comes only months after a triad leader staged a press conference. Membership of triad groups is a criminal act in Hong Kong. Not surprisingly, the police were not invited but it received wide coverage in the local press.

A police spokesman has quickly dismissed the latest embarrassment as "opportunist" and claims the robbers could not have known it was Li's house they were plundering.

I wonder. The criminals can hardly have missed the flagpole outside flying the colours of the Royal Hong Kong Police.

"Not much of a silly season though, is it?"

Nuclear waste

■ Rare glimpses into one of Britain's most secretive establishments can be gleaned from this month's AWE News, the house magazine of the atomic weapon establishments.

It seems that Aldermaston has a nursery compound which supplies the flowers for its floral beds at the main entrance. But behind the dense trees that screen most of its hundreds of acres from the public, Aldermaston has grown very scruffy in the half-century since this corner of Berkshire was first bulldozed to turn it into a bomber airfield.

Aldermaston is described as being "like a scene from war-torn France in the '40's".

Some of the old drums, containers, and cans, junked by the bomb-makers are as big as buses.

As a first step to cleaning up the Ministry of Defence site the management has begun a scheme for collecting and selling waste paper. It has taken its cue from another defence research centre, the Royal Aircraft Establishment at Farnborough, which generates 45 tonnes of resaleable paper a year.

What I can't understand is why Aldermaston – which is probably bigger than Farnborough, although the MoD doesn't talk about it – is generating waste paper at a rate of only 8 tonnes a year. Do they commit the secrets to memory?

Olives beckon

■ When Asil Nadir wants something to take his mind off the goings-on at Polly Peck International, it could be that his thoughts turn to a small island near Göçek in the Gulf of Fethiye on the Turkish Aegean coast. He bought it earlier this year for a knock-down price around £1m.

Nadir's choice, which is known as Zeytin Adasi – the isle of olives – is agreed by the Turkish real estate cognoscenti to be a particularly stunning island on one of the world's most beautiful coastlines. "It is a green island which makes any passing yachtsman feel envious of its owner", says one holiday-maker who sailed past it recently.

Just what use Nadir plans for his island is not yet known. But the betting is that he is more likely to make it into a holiday retreat for family use than to develop it for tourism.

Incurable

■ An evening class in confidence-building at Ulverston, Cumbria, has attracted only two members. The organisers say people are too shy to apply.

This announcement appears as a matter of record only

CAPITAL TRUST S.A. GROUP

Hackney AND SONS, Inc.

has been acquired by

Capper Management Company

for

$18,500,000

C.T. Capital Trust N.V.
(member of Capital Trust S.A. Group)
advised the purchasers on the transaction and arranged the equity financing.

Capital Trust Limited
49 Mount Street
LONDON W1Y 5RE
Tel. 071-491 4230
Fax. 071-499 0524

September 1990

LETTERS

Runway slot auctions would be a route to chaos

From Mr D.M.G. King.

Sir, Your editorial comment ("Entry barriers for airlines," September 18) puts forward the proposition that runway slots at Britain's major airports should be auctioned.

As an airports operator, BAA is eager to see the promotion of competition at its airports and especially the arrival of new entrants and new services with all the stimulation of new traffic this provides. However, the view that this can be encouraged by slot auction is ill-founded and naive.

BAA has seen many optimistic theoretical schemes for slot auctions, but none that has addressed the practical problems. Take, for example, the apparently simple problem of what constitutes a slot. An airline does not merely need a single space on the runway. It needs a pair of such spaces, one for landing and another for take-off. These must be matched by a pair of slots at the flight's end. All must be repeated for each flight by that aircraft throughout the day.

Each runway slot must be matched by a slot for the aircraft in airspace and in aircraft parking areas. There must be a slot for the passengers in the tightly constrained passenger terminals and possible allowance (as at Heathrow) made for the impact of vehicle traffic on the access to the airport.

Thus a slot is not a single commodity, but a complex multi-dimensional package. A simple auction which attempted to deal with integrating these many factors across a large number of airlines would end in complex and inefficient chaos.

In limited space, it is not possible to address all the other practical problems of dealing with slot auctions such as the UK's international obligations, difficulties for airlines and support organisations and for the travelling public in dealing with regular and uncoordinated upheavals in the schedules, nor with the inefficiency and lack of flexibility which auctioning would create. Even if the auction system could be made to work there is a real danger that the powerful airlines would use their financial muscle to force up the price of slots and freeze out the weaker competitors.

However, it is worth stressing the apparently obvious fact that auctions are only a form of price setting. It would be quite possible to achieve the same objective of allocating peak slots to those who value them most (with less disruption and more flexibility), by moving progressively to published prices which rationed demands in the market. These prices might well, at the peak, be several times current levels, but then that is only to be expected from an auction.

The current system works because the airlines have an incentive to co-operate and compromise. Why replace it with an untried system which would remove those incentives to co-operate?

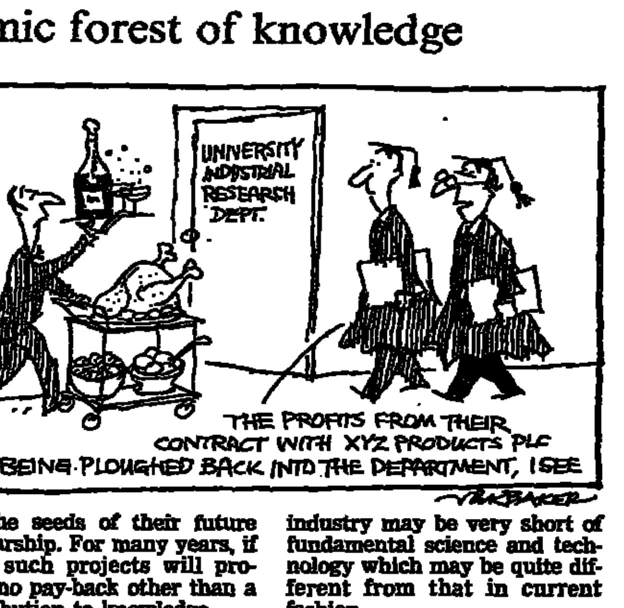
D.M.G. King,
managing director
Airports Division,
BAA,
130 Wilton Road, SW1

Watering the academic forest of knowledge

From Professor D.A. Smith.

Sir, Mr Griffin suggests (Letters, September 18) that the whole of profit-plus-overhead generated by a university industrial contract should be retained by the department which carried out the contract, presumably the better to serve the client's immediate future needs.

On this same basis, may I ask if those members of his Association of the British Pharmaceutical Industry who happen to sell aspirin promise their customers to plough back their entire profit-plus-overhead on aspirin sales into better aspirin plant and higher quality aspirin tablets?



Different universities may allocate the overhead costs of their departments in different ways but all have to support libraries, maintain buildings, pay administrators, comply with health safety regulations, provide recreational facilities, and so on. In addition, they must market their services to industry as a whole, not just to their present customers. Above all, they have a duty to initiate new research projects which are the seeds of their future scholarship. For many years, if ever, such projects will produce no pay-back other than a contribution to knowledge.

These seeds may sometimes be planted by the university in what Mr Griffin now labels the "less successful departments", by which I think he means those not wholly dedicated to short-term industrial service work. However, if they are not so planted, in 20 years time all industry may be very short of fundamental science and technology which may be quite different from that in current fashion.

Sadly, by then, the forest of mature academic knowledge which industry is presently logging at modest cost could well have become an intellectual dust-bowl.

Derek Smith,
Flat 1,
26 Devonshire Place, W1

A welcome for Major's debt relief proposal

From Messrs J. Filochowski, M. Taylor, F. Judd, N. Hinton and J. Mitchell.

Sir, As five of the leading British overseas aid and development agencies, we warmly welcome the chancellor's new debt relief initiative, the "Trinidad Terms".

We welcome this bold and realistic proposal because it acknowledges two key issues: that the creditor nations share responsibility for the economic processes which lie at the root of the Third World's debt burden, and that the terms and implementation of the Group of Seven's (G7) Toronto (debt relief) Plan of 1988 needed overhauling. In practice, the Toronto measures delivered too little, too slowly.

However, if the Trinidad Terms are to translate into real improvements for poor people, a number of points must be addressed.

It is vital that the other G7 countries agree to implement the proposals in full and without delay.

The International Monetary Fund's economic reform prescription (which poor countries must adopt in order to be eligible for debt relief from the G7) needs to be more sensitive to the economic realities faced by the poorest sectors of society and they need to be backed by more aid resources if they are to meet their economic objectives humanely.

All Third World countries benefiting from debt relief must pursue equitable development policies if the momentum for international co-operation on debt reduction is to go forward.

The sharply rising oil prices provoked by the Gulf situation threaten to undermine the benefits which the Trinidad Terms could bring. Urgent international action is needed to address the impact of rising oil prices on poor debt-distressed economies.

G7 creditor nations should agree that extending debt repayment periods is no substitute for reducing debt – the urgent task of tackling poverty is not helped by remortgaging the future.

Lastly, the benefits which the chancellor's proposals could bring should be extended to a wider group of debt-distressed nations as soon as possible.

Julian Filochowski, *Cafod,*
Michael Taylor, *Christian Aid,*
Frank Judd, *Oxfam,*
Nicholas Hinton, *Save The Children,*
John Mitchell, *World Development Movement.*

Mrs Chalker's cancelled visit to Nigeria

From Mr G. Dove-Edwin.

Sir, Mr William Keeling's report ("UK cancels visit," September 21) on the cancellation of Mrs Lynda Chalker's proposed visit to Lagos next month calls for comment.

British officials are reported to have expressed anger at the failure of a Nigerian government press statement on the visit of an Iraqi delegation to Lagos to condemn Iraq as the aggressor. Some of your readers may understand that our sensitivity, in the circumstance of the presence of a high-level Iraqi delegation in our country, was not misplaced.

What all of your readers who read Mr Keeling should know is that as early as August 3, my government issued a statement on the Gulf crisis which recalled Nigeria's "strong belief in the inviolability of the sovereignty of nation-states" and, with reference to the Iraqi invasion, regretted and condemned "this outright violation of the territorial integrity and sovereignty of Kuwait". The statement went on to call on Iraq to "withdraw all its forces from Kuwait to enable negotiations leading to a peaceful settlement of the dispute to proceed under the auspices of the United Nations and Opec to which both countries belong".

A high-level delegation was despatched shortly thereafter to deliver a message of support to the Emir of Kuwait in his place of refuge in Saudi Arabia. So much for accusations of a Nigerian tilt towards Iraq.

The other reason for the cancelled visit is given as the enforced sentence on the coup plotters who were condemned after a second trial.

My British Foreign Office friends and I agreed at different points a few years ago that when a difference arises between our two historically friendly countries, but whose official relations have all too often experienced sudden turns in the past, rather than let the difference grow in a cancerous way, we should intensify contacts and nip the difference in the bud. It would have been in keeping with our very good relations therefore, if our friend, Lynda, had felt able to go to Lagos to represent the UK views in those very channels which she, among others, have striven so hard to cultivate in the post-Dikko years.

The Nigerian deed within Nigerian law has been done and British diplomatic representation made, as well as your own and other newspaper stories on the matter. I would wish that we may now leave things at that and work further for improved relations between our two countries.

G Dove-Edwin
high commissioner for Nigeria,
9 Northumberland Ave, WC2

Hungary's privatisation goals clarified

From Messrs Charles Yates and Paul Knight.

Sir, Statements by Hungary's Prime Minister Antall and Mr Csepi, new head of the state property agency (SPA), together with the launch (September 14) of the first privatisation programme (FPP), have clarified the programme's goals and the roles of the SPA, enterprise managers and privatisation advisers. ("Strong domestic interest and controversy," September 20).

The stated goal of the privatisation programme is to transfer half the economy from state to private ownership within five years. This is to be arranged so as to optimise the contribution to state revenue, to increase the efficiency and competitiveness of Hungarian industry, to assist the development of Hungarian capital markets and to promote employee share ownership.

The role of the SPA is to act as a referee which will establish clear, transparent, and reasonable procedures while retaining the right of veto over any proposed deal.

The SPA has less than 40 staff and cannot be involved in the detail of the majority of privatisations. It has acknowledged that in most cases the enterprise or financial advisers will start the privatisation process. Past abuse of the "spontaneous privatisation" process involved artificially low enterprise valuations and the SPA will pay particular attention to this. It plans to draw up a list of independent financial advisers who satisfy certain norms and hence have the agency's approval to value enterprises.

As described ("Hungary looks for new owners," September 18), the FPP is a special case in which the SPA will take particularly close interest. The agency has decided to privatise part of the privatisation process by requiring that financial advisers, in conjunction with enterprise management, devise a privatisation and business strategy. This will provide an opportunity for all involved to learn and produce a number of model approaches to privatisation which will guide later deals.

In order that these models have wide relevance, the enterprises in the FPP are from a range of industries and will allow a number of different approaches to selling a stake in enterprises (trade sale, share offering and management buy-out) to be tried.

Charles M. Yates, Paul Knight,
Nomura Research Institute Europe,
24 Monument Street, EC3

Authors speak for themselves

From Lord Thomas of Swynnerton.

Sir, I refer to your report ("Emu benefits oversold says Centre for Policy Studies," September 20).

In fact, Mr Tim Congdon's paper "Emu now? The leap to European money assessed" should be seen as a contribution to the Centre for Policy Studies series on the "European debate" – an earlier paper in the series being Sir Leon Brittan's "Monetary Union: the issues and the impact". Our authors speak for themselves, not the centre.

Thomas of Swynnerton,
chairman,
Centre for Policy Studies,
8 Wilfred Street, SW1

Polly Peck: expert advice at a crucial time

From Ms Antonia F Stewart.

Sir, Lex's comment (September 21) that Polly Peck's advisers should consider resigning seems to take into account only one of the arguments that surround the difficult question of what advisers should do when problems arise either in connection with their clients' business or their own relationships with their clients.

If its advisers do decide to resign, it is by no means clear that Polly Peck will be able to appoint suitable replacements whilst it faces a period of uncertainty and to leave the company without a source of expert financial advice at this crucial time would be a serious disservice to both the company and its shareholders.

Antonia F. Stewart
Laing & Cruickshank,
Broadwalk House,
5 Appold Street, EC2

Accuracy of statistics: visible and invisible trade after 1993

From J.L.T. Davies.

Sir, The problem of the accuracy of the invisible trade data ("Worsening deficit reopens statistics row," September 13) is clearly of considerable importance and any improvement which the Central Statistical Office (CSO) can make in this area will be welcome.

Nevertheless, it should not be forgotten that beginning in 1993, following the introduction of the single market, the present excellent system of recording and preparing international trade data used by the Customs & Excise will be abandoned as far as intra-European Community trade is concerned in favour of an as-yet-undefined and unagreed alternative.

The EC is presently considering a form of reporting based on the value-added tax returns, but only for major reporting companies, accounting for about 80 per cent of international trade. These companies, it is hoped, will report in detail to provide information broadly comparable to that presently obtained from the single administrative document (Sad). Smaller companies will be expected to produce only some aggregates of value.

It may be possible, therefore, to calculate a balance of payments deficit or surplus for visible trade, but it seems unlikely that this will be of comparable quality to that presently available monthly. It is, however, now clear that detailed information, especially detailed information on the volume of goods traded, will not be nearly as accurate as that presently published and we should acknowledge that for visible trade, we are presently in something of a golden age as far as statistics are concerned, following the successful introduction worldwide of the harmonised system of tariff nomenclature in 1988.

It is now possible that, beginning in 1993, we may see a situation where, even if the CSO does nothing to improve the existing reporting system, the statistics for invisible trade may be more accurate than those for visible trade.

J.L.T. Davies,
general manager,
World Bureau of Metal Statistics,
27a High Street,
Ware, Hertfordshire

FOREIGN AFFAIRS

A failure of leadership in Japan

The Gulf crisis highlights Tokyo's difficulties over foreign policy, says **Jurek Martin**

Sometimes one despairs of Japan and particularly of its politicians. The reason for the despair might seem far removed from the great events of our time, such as the crisis in the Gulf, but connections do get made.

Though we know that Japan has enough image problems in the US already, but understand that it must play a full role in the international effort in the Gulf, we can only despair at the story last Friday that Japan's new Justice Minister, on a tour of a Tokyo red-light district, said that prostitutes and US blacks were cut from the same cloth because both destroyed nice neighbourhoods.

Now, most people will not have heard of Mr Seiroku Kajiyama. He was briefly Minister of International Trade and Industry last year and, some time before that, had been Home Affairs Minister. He comes from just outside Tokyo and has been in the Diet for 21 years. On the face of it, he does not conform to the prototypical Liberal Democratic Party country bumpkin who, according to the dictates of patronage, gets an occasional turn in the Cabinet.

His first utterance as Justice Minister 10 days before – that the constitution might be revised so as to make possible a Japanese military presence in the Gulf – suggested a markedly conservative, perhaps nationalist, bent. But he was far from alone, since the range of opinions on offer in Tokyo was, and is, pretty wide.

This second pronouncement, though, was in the wider context plain dumb, no matter what clarifications his ministry put out – and enough were issued within hours to convince anyone that he had indeed said what he said.

When he was prime minister, Mr Yasuhiro Nakasone undid a lot of good public relations in the US by suggesting that the education system there was poor because it had to accommodate lots of minorities. This is a perfectly arguable point when the US is compared with a culturally homogenous country such as Japan, but it is not the sort of message calculated to win friends and influence people in the country that is your staunchest ally and protector.

Mr Kajiyama's excursion into political and social insensitivity surely does not help his prime minister, Mr Toshiki Kaifu, who is going to have a difficult enough time in Washington next week because of the perception that Japan has been dragging its heels over the Gulf. The last thing he needs is congressmen angrier than before and demonstrations by equally angry blacks.

Even if this embarrassment is only temporary, as was Mr Nakasone's, it is becoming increasingly hard for the Bush administration to defend the proposition that, the Gulf notwithstanding, the bilateral relationship is in good shape.

It is no longer merely a question of commercial issues, of Japan "buying America's corporate soul" or denying fair access to US goods. It is becoming, in US eyes, and not only Congressional ones, more a question of whether with friends like Japan enemies are necessary.

Two new logs are being added to the fire in this respect, both the work of old stokers. In the autumn edition

Prime Minister Toshiki Kaifu is going to have a tough enough time in Washington without blacks demonstrating and congressmen being made even angrier

of the journal Foreign Affairs, Karel van Wolferen – author of the controversial book The Enigma of Japanese Power – further develops the theory that Washington is guilty of "wishful thinking" about the real nature of Japan, while Tokyo continues to dissemble.

Next month, Mr Pat Choate, a businessman-turned-polemicist, chips in with Agents of Influence, a book which maintains that Japanese interests have bought chunks of the American lobbying industry and are therefore corrupting US public policymaking.

The Choate book, heavily trailed in advance by such different but respectable publications as the Harvard Business Review and the New Republic, is pretty nasty stuff. In spite of the author's disingenuous qualifier that it is the US influence-peddling system that is at fault, his book is little more than an exercise in McCarthyism. Its malevolent charge is guilt by association with anything Japanese.

But if political America, confronted by recession, the Gulf and the collapse of the Soviet Union, does embark on one of its periodic bouts of self-recrimination and scapegoat hunting, then Mr Choate's seeds might fall on fertile soil.

Mr van Wolferen does not always get it right, but he does make you think, and never more than when discussing Japanese political processes. He believes, for example, that the western media have misinterpreted the events of the last 18 months in Japan.

"The effects of the Recruit scandal, the results of the Upper House elections and the decline of the Tokyo stock market have been seized on as small watersheds in postwar Japanese history. The LDP and two prime ministers tainted by scandals were supposedly held to account by the public, Japanese women were supposedly beginning to play a more prominent political role and the consumers were supposedly 'fed up'. None of this was accurate. None of these developments has had a lasting effect on the way Japan is governed or does business."

More conspiratorially, Mr van Wolferen suggests that "Japan's bureaucrats generally endorse conclusions about structural change, especially concerning their own supposed gradual loss of control, because it matches their claims that Japan is adjusting to become a more responsible trading partner."

More charitably, he adds that "they are not necessarily disingenuous about this: many believe that such changes do take place in areas other than they know personally."

There is a lot of truth in this. Though trying to convey a different message, Mr Taizo Watanabe, the smooth and articulate Foreign Ministry spokesman, was pretty much bearing Mr van Wolferen out when he explained recently: "We are passing through a rather agonising stage of transforming ourselves into an international power."

Fair enough. There are genuine divisions of opinion in Japan about the best response to the Gulf, and they should be respected. Rewriting a constitution in any country, but perhaps most of all in Japan, is not something to be undertaken lightly. Regional Asian susceptibilities must be taken into account. To be seen merely as the global moneybags is not wholly satisfying.

Japan's experience in the Middle East is limited and it may well seem less obvious in Tokyo to be asked to favour one group of Arabs over another than it does in Washington or London. Iraq's invasion of Kuwait has even been compared to Japan's annexation of Manchuria in the 1930s.

So if Japan has appeared dilatory in responding to the crisis of the Gulf it is because it was pretty much beyond its previous ken. But it is also true to form that each Japanese action and offer seems to have been taken as a response to external pressure from the US. The national political leadership has not seemed independently capable of giving direction itself.

Which brings one back to the old rub about Japanese politics. Whether for devious reasons, as Mr van Wolferen contends, or for historical ones, which have denied to politicians much of a role in foreign policy or much of an incentive to claim one, the Japanese body politic continues to look irrelevant to any subject outside its national borders. The only time it seems to put a head above the parapet is when a man like Seiroku Kajiyama drinks from the well of unthinking prejudice.

It is not just that he should have known better. Somebody (his prime minister) should have invoked the Dugan precedent and sacked him.

plant valuers machine auctioneers industrial valuers 071-
John Foord

FINANCIAL TIMES
Tuesday September 25 1990

Your international banking professionals
FUJI BANK
Tokyo, Japan

Torn between inflation and the elections

Philip Stephens and Alison Smith examine the dilemma facing the British chancellor

"The Treasury has to remember that this is not just a theoretical exercise. There is an election coming up" – Tory Party adviser.

"I don't know what all the fuss is about. How could anyone think that you could get inflation down without inflicting pain" – government minister.

THE TENSION between those two views of the present economic slowdown in the UK summarises the dilemma facing Mr John Major, chancellor of the exchequer, as the Conservative Party prepares for its annual conference in two weeks' time.

The chancellor is determined not to relax the interest rate squeeze until he is convinced that inflation is heading downwards. His judgment – voiced as vociferously in private as in public – is that it would be disastrous to lower interest rates too soon and then be forced to reverse the cut.

Mr Major is not convinced that the mounting signs of a slowdown add up to the recession claimed by both the Confederation of British Industry (CBI) and by the opposition Labour Party.

That, according to colleagues, means that he would like to see at least another month's economic statistics before contemplating even a small reduction in the cost of borrowing.

However, Mr Major is an astute politician as well as a cautious chancellor and is aware of the political risks of maintaining the squeeze for longer than is necessary.

It was that political judgment that persuaded him against pushing interest rates even higher at the start of this year. The official advice from the Treasury was that a further rise was needed to shore up the value of sterling, but the chancellor took the view that an increase would provoke such turmoil among the government's supporters that it might prove counterproductive. As yet, the jitters among Tory MPs are not even close to the panic that swept Westminster earlier this year during the poll tax row.

Among those MPs prepared to make public statements yesterday there appeared to be as much concern about the CBI's complaints as about the timing of any interest rate cuts.

Mr Ken Warren, the Tory chairman of the cross-party trade and industry committee, said: "John Banham whinges too much. No one wants high interest rates, but the problem is offset by higher labour rates in at least two of our competitor countries – US and West Germany. Interest rates are marginal."

That view was echoed by Mr Michael Grylls, Tory MP for Surrey, who said: "The prime target is inflation, and nothing must be done in any way to damage the reduction of inflation. The medicine has to be taken for a bit longer."

However, the government acknowledges that the calm which it managed to restore in the summer is fragile. Many Tory MPs appeared to be lulled into a false sense of security – believing that the simple fact of high interest rates rather than their impact on the real economy would soon bring down inflation.

Mr Kenneth Baker, the Tory party chairman, was careful yesterday to emphasise his support for the chancellor's judgement. However, he was quick to add the reassuring prediction that inflation would soon begin to turn down decisively, bringing lower interest rates in its wake.

Some of his colleagues believe that if the slowdown turns into a recession soon, it would be impossible to engineer a turnround in time for the general election. The date for that election is already being pushed back by most at Westminister to the spring or summer of 1992 – the last possible moment.

Mr Major believes that the voters would not be convinced by a pre-election boom. Labour, which begins its party conference next weekend, is determined to capitalise on the fears of recession and would argue that another clampdown would follow any such boom after the elections.

The chancellor's view is said to be that while interest rates will have to come down, the electorate would be more impressed by, say, 11 per cent mortgage rates and 4 per cent inflation than by interest rates at 9 per cent and inflation over 5 per cent.

If the Treasury appears resigned to a 1992 election, however, those close to the prime minister believe that she will be anxious to keep open the option of choosing the autumn of 1991.

Against that background, the chancellor may not be able to delay a cut in borrowing costs for as long as the Treasury establishment would like.

Ironically perhaps, the most likely circumstances for a cut would be after sterling's entry into the European Monetary System's exchange rate mechanism. Barring a conflagration in the Gulf, the view among members of the government is that the decision will be taken by the end of next month.

Tony Andrews

Kenneth Baker, launching the agenda for the Conservative annual conference, warned that the state of the economy might delay the next general election until 1992.

Britain had a £1.1bn ($2.1bn) current account deficit in August, smaller than market expectations and below July's deficit of £1.7bn ($3.2bn). The figures failed to lift the stock market, though they boosted sterling.

The pound recouped some of its losses of last week, climbing by more than 4 cents in London to $1.8845, and more than 2 pfennigs to close at DM2.9350.

A 1.5 per cent month-to-month decline in imports to £9.8bn underlined the slowdown in the economy. Exports rose 4.5 per cent from July to £8.6bn.

Mr John Major, chancellor of the exchequer, said in Washington that the data were "a clear sign that policies are working." However, he is thought unlikely to cut interest rates ahead of clear evidence that inflation is falling.

Mr Gordon Brown, the opposition Labour party's trade and industry spokesman, said the figures were a "tragedy". He said August was the 28th successive month when the deficit had been above £1bn.

The Central Statistical Office estimated the current account gap in the first eight months of 1990 at £12.4bn.

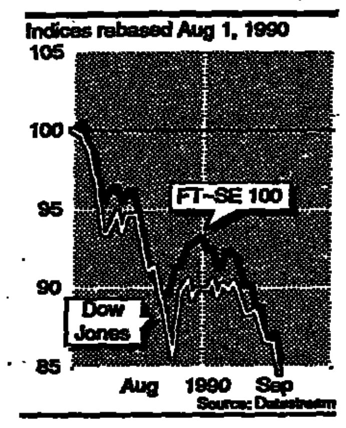
THE LEX COLUMN

Warning lights on the oil guage

It is the most frustrating of times for world markets: in the shadow of great events, but with nothing fresh to go on. Rumours apart, yesterday's surge in the oil price was based on nothing more substantial than growing despondency about the Gulf. There are now signs of a real tightening in supply; but that in turn is due to stockbuilding by increasingly nervous commercial users. The same mood plainly extends to governments, hence the reluctance to release strategic reserves.

In similar fashion, yesterday's rise in sterling may have represented little more than random fluctuation in the absence of fresh news on the ERM. The UK trade figures, though better than expected, have lost their power to excite. They were in any case consistent with a picture of general slowdown. On a rolling three month basis, the volume of imports net of oil and erratics is almost 4 per cent down from its June peak; the volume of exports is down 2 per cent. It now looks conceivable that the budget forecast of £15bn for the year willbe attained *after all*. But just as the consumer squeeze is bringing down imports, strong sterling and the slowdown in world trade are biting into exports as well.

On such a day, the 2,000 barrier on the FT-SE never stood much chance: not, at any rate, once Wall Street and the US bond market had started to react to the oil price. The ruling factor at present is what one might term the time value of worry; the closer the markets get to whatever date they expect shooting to start, the worse their frame of mind.



Mount Charlotte

Perhaps the Kuwait government simply wants to sell equities rather more quickly than it has been letting on in public; or maybe the KIO is less astute than its old reputation suggests. Whichever explanation is correct, the KIO appears to have given Sir Ron Brierley the better end of the deal by selling him 10.1 per cent of the Mount Charlotte hotel group, at 71p per share. Sir Ron doubtless deserves the usual congratulations, as the canniest of the Australasian corporate raiders. But that is hardly grounds for the rest of Mount Charlotte's shareholders to award him a further coup, by accepting his £644m bid for 100 per cent of it.

True, Mount Charlotte has, to some degree, brought this upon itself. Since taking over Thistle Hotels a year ago, its shares have suffered the usual penalty for companies which geared up heavily to buy property at the top of a bull market. And however confident Mount Charlotte may be that it can swiftly reduce its £520m of gross debt, its interest burden this year will depress earnings per share to around 5.4p, a 14 per cent fall on 1989.

The cheapness of Sir Ron's bid emerges if one looks at it from his point of view. At 73p per share his bid compares with a 1989 net asset value for Mount Charlotte of 122p. The bulk of that figure reflected a December 1988 valuers' report, which probably still holds good. Thus if Sir Ron's bid succeeds, he will get control of Mount Charlotte, central London's largest hotel operator, with 40 per cent trading margins and lots of pent-up cashflow, for less than two-thirds of its net worth.

MAI

One of the fascinating things about the UK financial services industry is the capacity of the players to make or lose huge sums of money. At the moment, the emphasis is very much on the latter. Leaving aside British & Commonwealth, which is in a league of its own, Tyndall passed its dividend last week after racking up heavy losses in Australian insurance and Rutland Trust's shares halved yesterday after a disappointing set of results. Several of the survivors of the 1970s secondary banking crisis, such as First National Finance and Cannon Street Investments, are once again sporting distressingly high yields.

Against this depressing background MAI (*né* Vavasseur) is very much the odd man out. A 19 per cent rise in pre-tax profits to £65.6m and a double digit rise in the dividend indicate that its hotchpotch of financial services and media businesses is holding up well. It has not made the mistake of betting the company on a single high risk venture, like computer leasing; and with £40m of net cash, its balance sheet is in good shape. MAI suffers from the company it keeps, but if it can raise its profits in the current year it deserves to be rated on more than 7½ times historical earnings.

Continental AG

Listening to Continental, it is hard to know why anyone should have taken Pirelli's merger proposal seriously. Continental was supposed to gear itself up to the eyeballs to buy Pirelli Tyre on 50 times earnings, or twice the current share price, and then cede control of the combined group to a shadowy group of investors organised by Pirelli's Italian parent. The effect on minority shareholders would be disastrous.

But while this sort of behaviour, with concert parties or fan clubs making threatening noises in the wings, would never be permitted in the US and the UK, it would be wrong to understimate Continental's continued vulnerability. The punters, who ran the stock up to DM 347, have been badly burnt and there must be pressure for something to happen, especially if Pirelli really can count on influencing 50 per cent of Continental's stock.

Prudential

The Prudential buys a Belgian fire and casualty insurer in 1972 for £6m, presumably in a fit of excitement over Mr Heath's new Europe. Then it does hardly a thing with it for 18 years, and receives paltry dividends, of less than £5m in 1989. So, understandably, it thanks its lucky stars when, just as the Belgians are busy deregulating the local market, a state-owned French insurer happens along and pays the steep figure of £157m to buy the lot.

The cash, and the benefits to Pru's balance sheet, are obviously very welcome, at a time when its estate agencies are in heavy loss and its fast-growing Jackson National Life still needs support from London. But the whole episode rather sums up the on-off, haphazard way in which the UK's insurers have handled their relationships with continental Europe. This is something which has to change.

Brussels heads for clash with airlines

By Tim Dickson in Brussels and **Paul Betts** in London

THE EUROPEAN Commission is heading for a clash with the European airline industry over its plans to introduce rules on the allocation of take-off and landing slots at congested EC airports.

Under the proposals, large European airlines would be forced to hand over slots to their smaller competitors.

The draft plan, which is likely to be adopted by the European Commission in the next few weeks, is seen as the most ambitious attempt yet to break the power of the established airline monopolies.

However, both large and small airlines criticised the proposals. They said the plans risked making worse the already difficult slot allocation at congested airports by introducing a lengthy legal and bureacratic mechanism instead of the existing, more flexible, scheduling arrangements organised by the airlines themselves. Some EC member countries are also worried by the plans and are expected to put forward proposals of their own.

The UK is expected to outline its views on this controversial issue in the next few weeks.

The EC says that, unless a code of conduct for slots is established, its air transport liberalisation policy will be undermined by the barriers to entry for new competitors at congested airports.

Changes may be made to the so-called code of conduct – the subject of consultation between Mr Karel van Miert, EC transport commissioner, and Sir Leon Brittan, the competition commissioner. But, as things stand, big air carriers could be limited to eight slots a day at the most congested airports.

London Heathrow, Frankfurt and Milan are the most notorious examples but others may qualify under the rules being prepared in Brussels.

The Commission's aim is to try to break the stranglehold of the big carriers which they exercise through the system of "grandfather rights". This gives those on the ground first refusal of any new slots which become available, as well as freedom to exploit existing ones with alternative services.

EC officials point out that continued dominance of the big US "hub" airports by established carriers has frustrated the aims of airline deregulation – but the development of new airports has to some extent eased the situation. For environmental reasons that is not a realistic option in the EC.

The most radical European solution – auctioning airport slots to the highest bidder – has been ruled out in Brussels on the grounds that it has not been tried elsewhere and would almost certainly reinforce the position of the stronger airlines.

An alternative "two prong" approach is now widely favoured – a code of conduct supported by the competition rules of the Treaty of Rome which cover slot agreements between airline companies.

The code of conduct would define congested airports as those for which no slots are available during a four-hour period for the workdays of a week during two months of a season.

Newly created slots, unused slots and slots given up by a carrier before or by the end of the season would be placed in a pool. Fifty per cent of these would be redistributed to new entrants up to a maximum of two slots per carrier per four-hour period.

A "special new entrant" status would be created where the necessary slots are not obtainable.

Hawke wins backing for capital plan

By Kevin Brown in Sydney

AUSTRALIA'S Labor government yesterday won the backing of a special party conference for the injection of private capital into the telecommunications and aviation industries, including minority foreign investment in Qantas, the national airline.

The decision marks a significant weakening of Labor's post-war commitment to public ownership, and confirms the dominance of the party's pro-competition right-wing.

It also clears the way for further proposals for the reform of road and rail transport and shipping as part of a widespread programme of structural economic reform.

Mr Bob Hawke, the prime minister, told the conference Labor would be thrown out of office if the party rejected the government's programme for increasing the efficiency of the economy.

The conference decision means the government is free to implement plans to merge Australia Telecom, the domestic communications carrier, with OTC, the international carrier.

The merged company will remain in government ownership, but Aussat, the debt-laden government-owned satellite operator will be sold to form the basis of a private sector competitor. The carrier will be obliged to allow the private sector company access to its network, but both companies will be subject to statutory regulation and both will be required to provide subsidised services for rural areas.

The Australian Telecommunications Employees Association said it would to fight the reforms, and warned that members might refuse to provide connections between the state-owned company and its private competitor.

The conference rejected left-wing attempts to keep the two government-owned airlines in the public sector and approved plans to sell up to 49 per cent of Qantas and 100 per cent of Australian Airlines, the state domestic carrier.

The left was successful, however, in limiting foreign stakes in Qantas to a total of 35 per cent. Mr Kim Beazley, the transport and communications minister, had earlier suggested two foreign airlines might each be allowed to buy 20 per cent of Qantas.

The vote was welcomed by Mr Bill Dix, Qantas chairman, who said it was the only way for the airline to raise the capital required to maintain growth and reduce its debt. "Our capital expenditure programme calls for outlays of over A$1bn ($828m) a year," he said.

Qantas stake, Page 5

Brent oil tops $40 on fears of Gulf war

By Steven Butler in London

OIL PRICES neared a 10-year high yesterday, with North Sea Brent breaching $40 a barrel, on fears of war in the Middle East.

The fresh surge followed bellicose remarks by President Saddam Hussein, who warned at the weekend that Iraq would attack Middle East oilfields and Israel should economic sanctions begin to bite hard. His comments were seen in markets as further dimming hopes of a peaceful end to the crisis.

The price of oil reflects fears of war and is much higher than most analysts consider justified by the reduction in crude supplies caused by the embargo on Iraqi and Kuwaiti oil exports. They are expected to continue rising as long the market perceives a threat to Saudi Arabian oil exports.

Cargoes of Brent oil for prompt delivery were quoted at $40.65 a barrel, reflecting a steep premium for prompt supplies. November cargoes also rose sharply, and closed up in European trading.

Refined products' prices followed crude higher and petrol prices were at record levels.

The sharp increases, however, were not thought likely to prompt industrial nations to adopt emergency measures such as releasing strategic crude oil stocks. A senior official at the International Energy Agency, which is responsible for co-ordinating the response to an oil supply crisis for 21 industrial countries, said supplies to the market were actually increasing because of faster than expected increases in production by Saudi Arabia, Venezuela, and the United Arab Emirates.

He said the IEA, whose governing board meets on Friday in Paris, was concerned that a release of government stocks could cause a panic in the market if traders concluded the move meant that a serious crisis was at hand. He added that the IEA did not want to intervene to influence the behaviour of "26-year-old oil traders with three telephones on each arm".

He said the price impact of any supply disruptions would be much faster than in previous crises because of the sophistication of the market, but he noted that prices would have to reach $70 to $80 a barrel to match in inflation-adjusted terms the prices hit 10 years ago.

Gorbachev wins powers

Continued from Page 1

powers he has now gained – by 305 votes to 46, with 41 abstentions – suggest that the whole effort at compromise may be more for political form than substance.

It means he can begin within days to put into effect the radical stabilisation measures proposed by the Shatalin plan, including a drastic credit squeeze and the beginning of a sweeping privatisation programme to sell off housing and state property.

On the other hand, Mr Gorbachev still has to meet the angry objections of the Russian parliament and his occasional ally Mr Boris Yeltsin, its president, who reject the emergency powers as gross interference in their own competence.

The irony is that both Mr Gorbachev and Mr Yeltsin are committed to the radical Shatalin plan, although the Soviet leader has been trying hard to accommodate Mr Ryzhkov.

Yesterday's stormy and confusing debates in the supreme soviet, with two tub-thumping and theatrical interventions by the Soviet leader to press through his new powers, seemed largely dedicated to the aim of keeping Mr Ryzhkov on his side, in spite of their obvious differences over economic strategy.

In the end, Mr Gorbachev produced a compromise resolution which instructs him to work out a single plan on the basis of both the Shatalin and Abalkin documents, including proposed amendments by Professor Abel Aganbegyan, the third leading Soviet economist, without singling out any one as the basis. That is a setback for the supporters of Professor Shatalin whose plan was supposed to be the basis for compromise.

The progress of the whole reform package now depends critically on how Mr Gorbachev uses his powers.

Gerald Ronson to appeal

By Robert Rice, Legal Correspondent, in London

MR Gerald Ronson, chairman of the Heron Group, jailed for one year and fined £5m ($9.4m) for his part in the illegal share support operation mounted during the 1986 Guinness takeover battle for Distillers, announced last night that he will appeal against both his conviction and sentence.

Two of his co-defendants, Mr Ernest Saunders, the former Guinness chairman and chief executive and Mr Anthony Parnes, a London stockbroker, announced their intention to appeal against conviction and sentence last week.

Mr Saunders was jailed for five years and Mr Parnes for 2½ years.

Mr Ronson's solicitors Mischon De Reya said in a short statement that leading counsel had advised that he had "substantial grounds" for appeal.

Mr Saunders, Mr Ronson, Mr Parnes and Sir Jack Lyons, the millionaire financier, were between them convicted on 28 charges of conspiracy, theft and false accounting after a 107 day trial. All charges were denied.

Sir Jack, who had to undergo an operation shortly after the trial finished on August 28, will be sentenced by Mr Justice Henry, the trial judge, this morning at Southwark Crown Court in London. Sir Jack will then have 28 days to decide whether he wishes to appeal.

No date has been set for the appeal but it is likely that if Sir Jack decides to join the others, the appeal of all four men will be heard together sometime before the end of the year.

Mr Saunders still faces trial in the second part of the Guinness prosecution due to begin in January and Mr Ronson will be eligible to be released on parole at the end of February.

British Steel would like to inform termites that the buffet is now closed.

When the railways came to Africa, they brought good news.

Whole countries now had a fast and efficient form of long distance transport. And in the tropics, the termites now had a restaurant.

Mile after mile of wooden sleepers: a running buffet as far as the eye could see.

Enter the British Steel sleeper.

It's lighter, stronger and longer lasting. It has also stopped a lot of creosote from going into the atmosphere. And a lot of trees from going off to the saw mill.

In fact, it's better all round. Although it has rather spoilt the party for the termites.

British Steel: adding value

Vita WORLDWIDE
21st CENTURY MATERIALS AND TECHNOLOGY T·O·D·A·Y
BRITISH VITA PLC

FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1990 — Tuesday September 25 1990

Hunting Gate 4444
DEVELOPMENTS
CREATING PROPERTY FOR COMMERCE
TELEPHONE 0462 43 4444

INSIDE

Coats names new chief executive

Coats Viyella is changing tactics. The company, one of Europe's largest textile groups which is suffering from a recession in the UK industry, yesterday announced the appointment of Neville Bain (left) from Cadbury Schweppes, the confectionery company, as group chief executive. The news was welcomed in financial circles. "He certainly sounds like the answer to Coats' problems," said one London analyst. Alice Rawsthorn reports. Page 26

Hope in a hostile climate

It's a hostile climate for developers in North America. Rising vacancy rates and ferocious competition for tenants are facts of life. Brookfield Development, however, the Canadian property group, has embarked on the continent's biggest commercial construction programme, despite being technically bankrupt. Bernard Simon reports. Page 21

Mandarin registers 7.5% fall

The drop in visitors to Hong Kong and increased competition has had a telling effect on Mandarin Oriental, the luxury hotels arm of Jardine Matheson. The hotel group reported a 7.5 per cent drop in profits before extraordinary items, and also announced that it was applying for a listing on the International Stock Exchange in London. Angus Foster reports. Page 22

Unease over uncertain futures

US derivatives exchanges plan to launch a range of futures and options products based on Japanese stock indices. The products will give US investors the chance to take a view on the Japanese market without having to trade in Tokyo. But Japanese regulators are uneasy as these instruments will be beyond their control. Page 25

Merger triumphs over fear

Despite a summer filled with rumours of shareholder unrest, the proposed merger between Lyonnaise des Eaux, the French water services company, and of Dumez, the construction company, won solid support yesterday. Jérôme Monod, Lyonnaise chairman, and Jean-Paul Parayre, of Dumez, have succeeded in quelling fears over the merger in their aims to create one of France's largest industrial groups. Page 20

New arrival in the nappy market

Procter & Gamble/Fater — On September 24 to the US consumer products group and the private Italian company was born a merged paper products business. The new group will become a formidable player in the nappy market. P&G claims a third of the European market for paper and cloth diapers, while Fater is estimated to have almost 10 per cent. John Thornhill reports. Page 20

Market Statistics

Base lending rates	42	London traded options	25
Benchmark Govt bonds	24	London tradit. options	25
FT-A indices	25	Managed fund service	38-41
FT Int bond service	24	Money markets	42
FT guide to currencies	24	New int. bond issues	25
Financial futures	42	World commodity prices	24
Foreign exchanges	42	World stock mkt indices	43
London recent issues	25	UK dividends announced	26
London share service	36-37		

Companies in this section

Aberdeen Petroleum	29	Lloyd Thompson	28
Air France	21	Lloyds Bank	26
Apollinaris Brunnen	26	Lyonnaise des Eaux	20
BCE	21	MAI	26
BHP Gold	21	Macallan-Glenlivet	29
BM	27	Mandarine Oriental	22
Bank of Commerce	20	Metalrax	29
Blackwood Hodge	27	Metsä-Serla	20
Brent Chemicals	28	Musterlin	27
Brent Walker	28	Neptune Orient Lines	22
Cadbury Schweppes	26	Newmont Australia	21
Cambridge Water	26	Norish	26
Coats Viyella	26	Pick 'n Pay	22
Cornwell Parker	28	Polypipe	26
Corroon & Black	21	Poseidon Gold	21
Delta Air Lines	21	Procter & Gamble	20
Dumez	20	Rodamco	20
E'burgh Fund M'gers	29	Rutland Trust	28
Fater	20	Schroders	28
Fortnum & Mason	29	Spear (JW)	29
Global	29	Steetley	28
Goodman Fielder Watt	22	Storm Group	28
Goodman Intl	26	Tottenham Hotspur	26
Grand Metropolitan	26	USAir	21
Hays	27	United Asian Bank	20
Inishtech	29	Westpool Inv Tst	29
Lamont	29	Willis Faber	21

Chief price changes yesterday

Market	Stock	Price	Change
FRANKFURT (DM) — Rises	Goldschmidt	630	+ 15
FRANKFURT (DM) — Falls	AEG	211	− 12
	BMW	420.5	− 18.5
	Herlitz	295	− 20
	KHD	145	− 17
	Siemens	540	− 9.5
NEW YORK ($) — Rises	Newmont Gold	44⅛	+ ⅜
NEW YORK ($) — Falls	Alum Co America	63⅝	− 3⅞
	Boeing	46	− 3⅛
	Chase Manhattan	11	− 1¾
	IBM	104⅝	− 2⅛
	Texaco	63⅜	− ⅞
PARIS (FFr) — Rises	Accor	650	+ 12
	BIC	605	+ 35
PARIS (FFr) — Falls	BNP	287	− 19
	Cred Foncier	822	− 46
	Saco	310	− 16
	Havas	427	− 33
LONDON (Pence) — Rises	Brent Chem	137	+ 4
	MAI	91	+ 3
	Mt Charlotte	70½	+ 11
	Norcros	81	+ 4
LONDON (Pence) — Falls	Countryside	72	− 12
	Evode	97	− 9
	Gen Acc	428	− 15
	Grovewood	37	− 7
	Hammerson	518	− 24
	Havelock Euro	122	− 10
	Hickson Intl	106	− 9
	Legal & Gen	349	− 16
	Mountleigh	58	− 15
	Royal Ins	337	− 19
	Rutland Tst	11	− 8
	Std Chart	299	− 13
	Traf Hse	170	− 14

New York prices at 12.30. Tokyo closed.

Continental rejects hostile offer by Pirelli

By Andrew Fisher in Hanover

CONTINENTAL, the West German tyre company, yesterday rejected what it called the "hostile" takeover attempt by Pirelli of Italy, but said it was ready to talk about a possible deal on different terms.

Mr Horst Urban, Continental's chief executive, said the Pirelli proposal to merge the two groups' tyre activities would leave the combined company with a heavy debt load, weakening it financially at a time of tough competition.

The proposed deal, to create a more competitive company at number four in the world tyre industry with 16 per cent of the market, would also be unable to yield anything like the synergies mentioned by Pirelli, Mr Urban said. He said the Continental management board's reaction to the deal was clear – "not like this, Mr Pirelli". But he added: "We are certainly not slamming the door shut."

Pirelli, headed by Mr Leopoldo Pirelli, says it holds a 5 per cent stake in the German company and is supported by shareholders holding over half of the equity.

Without knowing who these shareholders were, Continental could not be expected to go along with any deal, Mr Urban said. Moreover, Pirelli's own shareholding structure, with four different companies in which the Pirelli family's direct stake is small, was "not particularly stable". He declined to say what sort of links Continental envisaged with Pirelli.

At a press conference, Mr Urban gave details of the Pirelli offer for the first time. Pirelli proposed that:

- Continental acquire the tyre business of the Italian group, held through quoted Pirelli Tyre Holdings (PTH) in Amsterdam, for between DM1.8bn ($1.2bn) and DM2.2bn in cash.
- Half of this sum be financed by Continental increasing its capital by 50 or 60 per cent through a rights issue and the other half by the German company through borrowings. It now has 8.7m shares in issue with a stock market value of DM2.3bn.
- Pirelli acquire the share rights of those shareholders friendly to it, raising its stake to nearly 28 per cent, including further share purchases. Shareholders backing Pirelli would have around 23 per cent. Pirelli would thus influence just over half of Continental's shares.

Mr Urban said this deal would dilute shareholders' funds and raise indebtedness of the combined operation to 5.5 times joint cash flow from two times; debt would thus total DM4.5bn. The interest rate burden would be around DM500m a year, twice the present level.

He also said the stockmarket value of PTH was around DM800m, less than half what Pirelli wanted Continental to pay for the tyre operation. This would present holders of PTH shares with a high premium, while Continental shareholders would lose control of their company with no premium.

"Continental would finance its own takeover by Pirelli and create considerable funds for Pirelli as well," he said.

Lex, Page 18

Banks join forces in traveller's cheques

By David Barchard

BARCLAYS, the largest UK bank, and BankAmerica yesterday said they were joining forces in the international traveller's cheques market.

The move, which will create one of the largest issuers of traveller's cheques in the world, appears to be aimed at challenging American Express's dominance of the market.

BankAmerica is to buy a substantial minority stake in Interpayment Services, a traveller's cheque marketing company set up by Barclays last year.

Traveller's cheques issued through Interpayment will carry the Visa brand. They will also carry the brand name of the bank acting as selling agent.

Financial institutions will be able to choose between a package which will give them their own branded cheques on an agency basis with marketing back-up from Interpayment, or one whereby the company will process cheques for financial institutions preferring to own and manage the float of unredeemed traveller's cheques.

This means that Interbank cheques should be more attractive to small banks than those which bear the name of a rival financial institution.

Mr Richard Butt, chairman of Interpayment, said yesterday he expected the sales of traveller's cheques through Interbank to reach the $12bn level in 1991.

American Express has more than 40 per cent of the worldwide traveller's cheques business, which was estimated at $57bn last year.

Mr Terry Mock, president of Bank America Cheque Corps, and Mr Gordon de Lang, senior vice-president of the bank, will join Interpayment's board.

Sir Robert Scholey, chairman of British Steel: executives are attempting to contact Aristrain

Spanish producer calls off British Steel-Banesto deal

By Tom Burns in Madrid and Charles Leadbeater in London

THE family owners of Jose Maria Aristrain yesterday pulled out of an agreement to sell the Spanish steel producer to a joint venture formed by British Steel and Banco Español de Credito.

Aristrain's sudden withdrawal, which Banesto said was the result of a unilateral decision by Mr Jose Maria Aristrain Jr, chairman, stunned both partners.

British Steel executives were last night attempting to get in touch with Mr Aristrain to see if the deal could be salvaged.

The British group had patiently courted Aristrain for months before the deal, said to worth £219m, was signed in July. However political opposition, which coalesced around an attempt to mount a rival bid from Ensidesa and Alto Hornos de Vizcaya, two state owned producers, prevented British Steel from buying Aristrain outright. Ironically during the talks Mr Aristrain consistently rebuffed the Spanish consortium in favour of a deal with British Steel.

British Steel agreed to a joint venture with Banesto in which each would purchase 40 per cent of Aristrain, to accommodate Spanish hostility to a foreign takeover. The remaining 20 per cent was to stay with family shareholders. The partners each agreed to sell 5 per cent to Ensidesa if it wished to join.

The collapse of the deal would be a setback for British Steel's plans to expand into continental production of structural steel. It also wanted to exploit Aristrain's distribution network in France, West Germany and the US.

However, with steel demand weakening in Spain and the UK, it is thought British Steel may have revised its assessment of Aristrain's worth. Some analysts said the £100m the company might have spent on the purchase would come in useful as an additional cushion against the deteriorating economic climate.

The collapse of the deal could come as a blessing in disguise for Banesto. Earlier this month adverse market conditions forced it to call off a planned flotation of its industrial assets.

Brierley launches unwelcome bid for Mount Charlotte

By Andrew Bolger in London

BRIERLEY Investments (BIL), the New Zealand company founded by the entrepreneur Sir Ron Brierley, has launched an unwelcome cash bid for Mount Charlotte Investments. The offer values Britain's second biggest hotels group at £644m ($1.16bn).

BIL made its move after acquiring a 10.1 per cent stake in Mount Charlotte from the Kuwait Investment Office yesterday morning.

Since the New Zealand group already held a stake of 28.8 per cent, the purchase took it through the 30 per cent barrier and under the Takeover Code it was obliged to make an offer for all the remaining shares.

A BIL spokesman said its offer of 78p a share "was not meant to be in any way hostile" and was being made solely because of the rules of the Code.

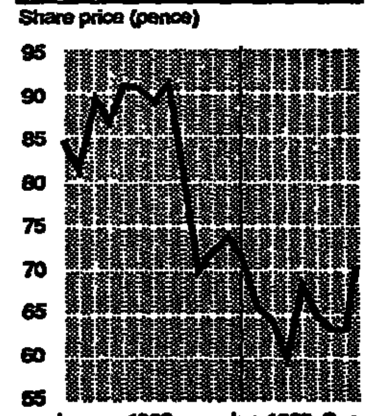
However, Mount Charlotte described the bid as "both derisory and opportunistic". It said the offer took no account of Mount Charlotte's net asset value of 122p per share, nor of its unique portfolio of 24 three-star and four-star hotels hotels in central London, totalling 7,000 bedrooms.

The KIO sold its stake for 72p per share. However, under the Code, BIL had to offer the remaining shareholders the best price which it had paid for any Mount Charlotte shares in the preceding year, which was 73p. Mount Charlotte shares closed 11p higher at 70½p.

The KIO disposal comes only days after the Kuwait Finance Minister said his exiled government would dispose of liquid assets to fund its spending during the Gulf crisis, but would not sell shares.

City analysts were yesterday taking a relaxed view of the KIO's intentions, saying they thought it unlikely the Kuwaitis would wish to make significant disposals in the current depressed equity markets.

Mount Charlotte
Share price (pence)



Source: Datastream

BIL first became a shareholder in Mount Charlotte in April, 1988. Last September Mount Charlotte bought Thistle Hotels from Scottish and Newcastle Breweries for £645m.

BIL acted as one of the sub-underwriters to the associated rights issue and lifted its stake in the group to 27 per cent.

Mount Charlotte made pre-tax profits of £25.9m on turnover of £127m in the six months to July 28. Earnings were depressed, however, by its slow rate of property disposals. When the Thistle deal was struck, Mount Charlotte said it intended to sell properties worth £200m to reduce its borrowings, but has so far raised only £89m – largely because of the glut of hotels currently on the market.

Lex, Page 18

Prudential to sell Belgian arm to AGF for BFr9.4bn

By Richard Lapper in London and George Graham in Paris

PRUDENTIAL Corporation, the UK's biggest life insurer, yesterday agreed to sell its Belgian general insurance subsidiary, Compagnie d'Assurance de l'Escaut, to the French insurer, Assurances Générales de France (AGF). France's second largest state-owned insurance company, is to pay BFr9.4bn ($290m), twice l'Escaut's annual premium income in 1989.

"We are beginning to concentrate our assets in areas where the long-term interests of our shareholders are best represented," said Mr Newmarch, Prudential's group chief executive. Since its acquisition in 1972, l'Escaut, has "successfully built up substantial value," he added.

L'Escaut, a medium-sized Belgian company which mainly writes household property and motor business, had net assets of £101.7m ($186m) and recorded gross premium income of BFr4.7bn in 1989; however, it is peripheral to Prudential's core life and financial services businesses. Moreover, market conditions in Belgium had become much tougher recently, while Belgian reserving requirements and other local market practices meant that Prudential's "ability to repatriate dividends was limited," Mr Newmarch said.

He denied that Prudential was turning its back on Europe and said that the company was keen to develop existing life insurance subsidiaries in the Netherlands, Italy and Ireland. Prudential will service the European market from London according to UK regulations, he said.

Analysts in London welcomed the sale. Mr Chris Pountain, analyst with Morgan Stanley, said it showed that Prudential "was prepared to divest assets if there is no promise of rewards". At twice l'Escaut's 1989 premium income, the price was described as "full" by Mr Pountain. "Prudential has been quite sensible taking advantage of the relics of Euromania and has got what is not a bad price," said Allan Nicholls, analyst with James Capel.

AGF said that the addition of l'Escaut to its own AGF Belgium would create a group with BFr10bn of premium income.

Lex, Page 19

SPP buys strategic stakes in financial group for SKr4.6bn

By Robert Taylor in Stockholm

SPP, the private Swedish insurance company and the country's second-largest share owner, yesterday announced a SKr4.6bn ($796m) investment in the Gota financial group. The move anticipates legislation ending curbs on diversification by Swedish insurers.

SPP is acquiring 40 per cent of the equity and 44 per cent of the voting shares in Gota through the purchase of stakes from Proventus, the Swedish investment company and Kansallis-Osake-Pankki, Finland's leading bank (KOP). The price for the shares was SKr200 each.

Within the next two years, Stockholm is expected to change a law which prevents Swedish insurance companies from acquiring more than 5 per cent of the votes in limited companies other than insurance and property groups.

The ruling Social Democrats have indicated they are preparing legislation to remove the regulations which distinguish between the permitted activities of banks and insurance companies.

Yesterday's curious move indicates both SPP's optimism that the law will be amended shortly and a determination to make a pre-emptive move in what promises to be a highly competitive financial market.

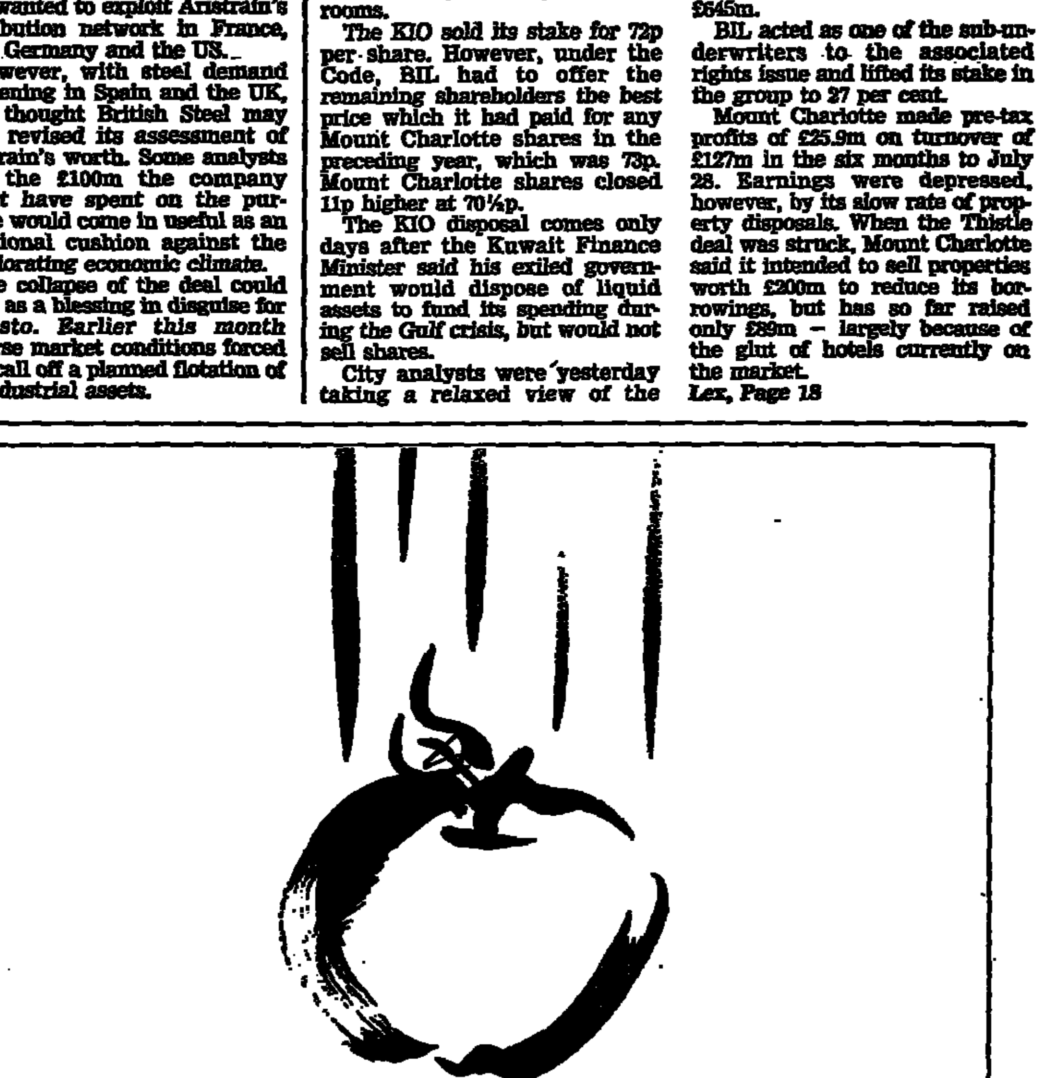
SPP, which handles public white-collar pension funds, said it will pay for the shares on Friday, but the transfer of ownership is to take place no later than July 1, 1992. By that time, it said, "legislative changes are expected to allow the transaction to be consummated."

Commercial co-operation between SPP and Gota will, however, be initiated immediately, the group said.

SPP already owns 3 per cent of the voting shares in Gota and it will control about 48 per cent when the deal is finally settled. Gota's management will remain and a bid for the company's outstanding shares is not being considered.

SPP's purchase is seen as a move to broaden the insurance company's activities into financial services, complementing its current strong position in the pension insurance market.

Mr Gabriel Urwitz, the chief executive officer of the Gota group, welcomed SPP's increased stake. He emphasised that the current co-operation with KOP in Finland would continue.



Newton found that great ideas do grow on trees.

Newton was lucky. He was also smart enough to realise the gravity of his discovery. Developing our 4M DRAM semiconductor, although difficult, was a lot more down to earth. But we immediately recognised a world of uses. That's why you'll find this brilliant chip, capable of holding 16 pages of newspaper text, at the very core of computers, medical and office equipment around the globe. An example of how we at Toshiba are putting intelligent technology to practical use.

Our dedication to research and development is proof that we're willing to work hard to improve the quality of life around us. We're planting the seeds for a better tomorrow.

TOSHIBA 4M DRAM

In Touch with Tomorrow
TOSHIBA

NEWS IN BRIEF

IFI profits for year rise 52%

ISTITUTO Finanziario Industriale (IFI), the financial holding company of the Agnelli family, announced a net profit of L166.9bn ($141m) in the year ended March 31, up 52 per cent from a year earlier, Agencies report.

IFI, which holds about 45 per cent of Fiat, Italy's largest industrial group, through direct and indirect shareholdings, also said it would raise its dividend by L65 to L315 an ordinary share and L365 a preferred share.

At the IFI shareholders' meeting in Turin, Mr Giovanni Agnelli, Fiat chairman, said an announcement could be expected soon about talks between the Italian carmaker and Chrysler.

■ **Canal Plus**, the French pay television company, said its first-half net profit after payments to minority interests grew 24 per cent to FFr504m ($94m) from FFr405m for the same period a year ago.

The group also announced that it expected full-year net earnings to grow 14.4 per cent to FFr870m, despite a recent decision to postpone the planned distribution of new decoders to customers until after December 1.

■ **Nordbanken**, the Nordic region's largest commercial bank group, has announced a 1 per cent improvement in profits to SKr2.34bn ($404m) for the first eight months of the year despite a 13 per cent setback to SKr1.33bn for the bank alone.

The main cause for the downturn at the bank was the large growth in credit losses. For the group as a whole these more than doubled to SKr964m in the eight months: for the bank they rose by 51 per cent.

■ **CIR**, Mr Carlo de Benedetti's main industrial holding company, said first-half parent company net profit rose to L86.6bn ($75m) from L61.2bn, while group pre-tax profit slipped to L113.6bn from L124.6bn.

CIR said the lower first-half group result was mainly due to different criteria used to consolidate CIR's indirect stake in Belgium's Société Générale de Belgique.

Rodamco suspends policy of trading in own shares

By Ronald van de Krol in Amsterdam

RODAMCO, the Netherlands' largest property investment fund, effectively transformed itself from an open-end into a closed-end fund yesterday, following the suspension of its long-standing policy of trading in its own shares to keep its share price roughly in line with net asset value.

The fund, which took over Haslemere Estates of the UK in 1986 and failed in a bid for Hammerson last year, is part of the Rotterdam-based Robeco investment group.

It said it had changed its policy after being forced to spend Fl 2.3bn ($1.3bn) over the past nine months to repurchase more than 20 per cent of its outstanding shares.

To stem the outflow, Rodamco has halted its previous "voluntary" policy of share repurchases until further notice. Its statutes allow the fund to suspend the buying in of shares in exceptional circumstances.

Trading in Rodamco on the Amsterdam bourse was suspended yesterday morning and is due to resume tomorrow, when the share price will reflect market forces instead of the company's daily calculation of net asset value. On Friday, Rodamco closed at Fl 73.30, a 12-month low.

Yesterday's surprise announcement contributed to the negative sentiment on the Amsterdam bourse, where traders were forecasting a drop in Rodamco's share price when trading resumes.

Mr Pieter Korteweg, chairman of Robeco, said the decision would not affect the Robeco group's other open-end investment funds, such as the Robeco and Rolinco share funds or the Rorento bond fund.

Unlike a share or bond fund, Rodamco is not in a position to liquidate investments quickly and easily to free money to buy in shares.

Mr Korteweg, who noted that Rodamco was one of only a few large-scale open-end property funds in the world, said the decision reflected a downturn of interest in property investment caused by the Middle East crisis, high interest rates and negative publicity surrounding US property following the savings and loan (thrifts) problem.

Two other options open to Rodamco – borrowing funds at high interest rates or selling property in a difficult market – would not have been in the best interests of shareholders, he said.

Mr Korteweg said Rodamco would examine what its future policy on the buying in of shares should be once the current malaise in property investment came to an end.

Rodamco still had some Fl 500m in short-term liquidity, more than enough to meet its obligations, Mr Korteweg said. Rodamco was conservatively financed, with long-term borrowings of only Fl 700m compared with total assets of more than Fl 9bn, he added.

World Stock Markets, Page 41

P&G ready to link paper products arm with Fater

By John Thornhill

THE emergence of the single European market has led to a consolidation of the nappy market, as Procter & Gamble announced yesterday it intended to merge its paper products businesses in Italy, Spain, Portugal and the UK with those of the Fater group, a privately owned Italian company.

A new jointly controlled company is to be set up in Italy which will manage Fater's interests in sanitary napkins, baby diapers and adult incontinence products and P&G's Pampers nappy operations.

No financial details of the proposed deal were released yesterday.

The combined group will, however, become a formidable player in the market since P&G already lays claim to a third of the total European market for paper and cloth diapers, while Fater, through its Lines brand, is estimated to have a market share of nearly 10 per cent.

In the UK, P&G will integrate the Fater-owned Swaddlers company – which uses the Togs and Cares brand names – with the Pampers business.

This move will strengthen P&G's position in the UK market. Last month, P&G also announced it was to develop a multi-million plant in Trafford Park, Manchester, to expand its production of Pampers disposable nappies.

In Spain and Portugal, Fater's Ausonia and Lepori businesses will join with P&G's Arbora business, which is jointly controlled by the Agrolimen group.

The merger will also help to expand P&G's interests in the feminine sanitary napkin and adult incontinence products markets.

Previously, P&G has had only a limited presence in these markets in Greece, Belgium, Spain and Portugal.

Metsä-Serla to dispose of panel products unit

By Enrique Tessieri in Helsinki

METSA-SERLA, Finland's third largest forest group, will sell its panel products division to Finnforest, a new company which will be owned 90 per cent by Metsäliitto and 10 per cent by Metsä-Serla.

Metsäliitto, the forest owners' co-operative, is Metsä-Serla's largest shareholder. The value of the transaction was between FM300m and FM400m. Finnforest's annual sales will be FM700m ($190m).

Metsä-Serla, which has also been hit by a global downturn in the forest industry and by large investments made earlier this year, said the sale would allow it to concentrate on its core areas, which include quality papers and paperboards.

Falling pulp prices will force Metsä-Serla temporarily to stop pulp production at a mill in Mänttä, which produces some 75,000 tonnes of dissolving and other pulp grades.

Two banks in Malaysia agree to merger

By Lim Siong Hoon in Kuala Lumpur

UNITED Asian Bank and Bank of Commerce, two Malaysian banks, have agreed to merge, creating the country's fifth largest in terms of shareholders' funds.

The deal is the last stage in the rescue and restoration to private ownership of United Asian, one of eight financial institutions bailed out in recent years by Bank Negara, the central bank.

Bank Negara paid M$458m (US$170m) in 1986 to rescue United Asian; it now owns 78.5 per cent which is to be acquired by Bank of Commerce under a share swap scheme.

United Asian, with M$4.1bn in assets, is roughly 1½ times the size of Bank of Commerce. But United Asian reported accumulated losses of M$379m last December, while net shareholders' funds stood at M$165m compared with its capital base of M$457m.

Banking mergers are rare in Malaysia, but the deal has received backing from the Finance Ministry. To help fund a rapidly expanding economy and to deal with new capital adequacy requirements, the ministry has argued that fewer but bigger players are necessary in the financial sector.

The merger adds United Asian's retail branch network to Bank of Commerce's main activities of merchant banking, stockbroking, leasing and property trust.

The deal is a further indication of the gathering strength of Renong, the holding company for the business empire of the United Malays National Organisation (Umno), the country's main ruling party.

Bank of Commerce will surrender its banking licence, thus becoming an investment holding group controlling the merged entity of Bank of Commerce Bank and United Asian.

Three major shareholders will emerge from the exercise: Renong, Sanwa, Japan's fifth largest commercial bank, and the Malaysian central bank.

No valuation was given for the deal.

Dumez comes uneasily to Lyonnaise des Eaux

George Graham examines the new group's future

SHAREHOLDERS of Lyonnaise des Eaux, the French water services company, and of Dumez, the construction company, yesterday voted through plans for a merger which would create one of France's largest industrial groups, with expected sales this year of FFr82bn ($15.5bn), a workforce of 110,000 and a market capitalisation of more than FFr21bn, even at today's low share prices.

Since the merger plans were announced in July, there have been rumours of unrest among shareholders, especially some members of the Chaufour family, which currently controls Dumez, who have regretted a merger in which their company will clearly be the junior partner.

But Mr Jérôme Monod, the chuckling but hawklike chairman of Lyonnaise des Eaux, and Mr Jean-Paul Parayre, his opposite number at Dumez and a member by marriage of the Chaufour family, have succeeded in overcoming most doubts.

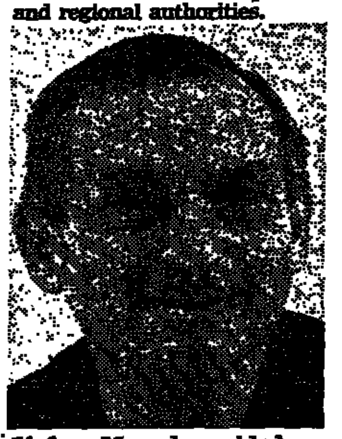
"I have tried to explain to our shareholders that this is not the disappearance of Dumez, but its mutation," Mr Parayre says.

The deal has required some explanation, for Mr Monod had repeated for years that he did not want to take Lyonnaise into construction. Now, he says that it is the construction business which has changed, rather than his strategy, adding that there is a world of difference between buying a construction company and merging with one.

Both he and Mr Parayre insist on the importance of the scheme they have adopted: a merger appears in many ways like a paper offer, with Dumez shareholders receiving four Lyonnaise shares for every three Dumez they hold, but, unlike a paper offer, shareholders may not refuse, once the plan has received a two-thirds majority in an extraordinary general meeting.

"A merger is much more fruitful and profound for us than buying a construction company, and I think it is more interesting for Dumez, too, than if it were to buy 20 or 30 per cent of a services group. We won't be working separately, we will have one single vision," says Mr Monod, adding that a merger also has the advantage of avoiding spending any cash.

The change in the nature of the business, according to the two bosses, is the development of turnkey projects – the alliance of Dumez's construction capability with Lyonnaise's expertise as a manager of concessions from municipalities and regional authorities.



Jérôme Monod: avoided spending any cash

Dumez's subsidiary, GTM, is already on this route, and is France's largest car park manager, but Dumez itself is becoming increasingly involved through toll-financed transport projects such as the A86 urban motorway and the Fourvière tunnel at Lyons.

This sounds just the sort of ingenious logical construction France's highly educated business executives tend to dream up to justify their instincts, but it appears more convincing in the new group's overseas expansion, where the size factor also comes into play.

Mrs Christine Morin-Postel, who has spearheaded Lyonnaise's international expansion, comments that Lyonnaise has moved from targeting medium-sized towns to cities of 2m to 3m inhabitants.

"The teams are bigger, the financial engagement is bigger. Alone, we cannot respond."

After the UK and Spain, where Lyonnaise has already acquired a significant presence in the water and town cleaning businesses, Mrs Morin-Postel hopes soon to be able to announce advances in Italy and Germany.

Together, the two companies hope that they will be able to offer closely co-ordinated solutions to infrastructure needs around the world, especially in areas such as Asia, where Lyonnaise and GTM are expected shortly to announce a major water piping project in Malaysia.

The merger will, however, involve a complete rethink of some of the more peripheral stakes held by the two companies, diversifications which may now be viewed as less useful for the combined group's development.

Mr Monod and Mr Parayre refuse to say what specific plans they have for stakes such as Vallourec, the steel tube group in which Dumez is a key shareholder; M6, Lyonnaise's loss-making television channel; or Havas, where Lyonnaise has a profitable but non-strategic investment.

In the short term, the group is forecasting 1990 net profits of around FFr1.5bn – a 26 per cent advance in earnings per share from last year's re-treated figure of FFr26.9.

For 1992, Mr Monod has set an objective – but not, he insists, a forecast – of FFr2bn.

PINAULT, the largest French timber and wood products group, plans to offer six of its shares for every five shares in trading and distribution group Compagnie Française de l'Afrique Occidentale that it does not own, writes George Graham.

Pinault first took a 9 per cent stake in CFAO last November, built it to 20.1 per cent in February and now owns 33.1 per cent. A boardroom coup gave Pinault chairmanship of a group which had tried to get away from its core business in Africa.

Market sources said the terms of the offer would represent a premium for CFAO shareholders of about 37 per cent over Friday's closing price of FFr369 a share.

EUROPEAN CORPORATE FINANCE

AMSTERDAM
ATHENS
DÜSSELDORF
HELSINKI
LISBON
LONDON
MADRID
MILAN
OSLO
PARIS
STOCKHOLM
ZÜRICH

LOCAL EXPERTISE. INTERNATIONAL NETWORK.

Over the last few years there has been one group of European corporate finance experts who have been working on their own innovative ideas for cross-border corporate finance, developing a pan-European network of local offices coordinated through Samuel Montagu in London.

This "multi-domestic" approach gives our clients access to over 100 professional advisers established locally in the major European centres.

Our strategy has been thoroughly tried and tested in the market place. As a result of the close working relationship between all our offices on both EC and EFTA Member States, we probably advised on more European transactions than any of our competitors over the last year.

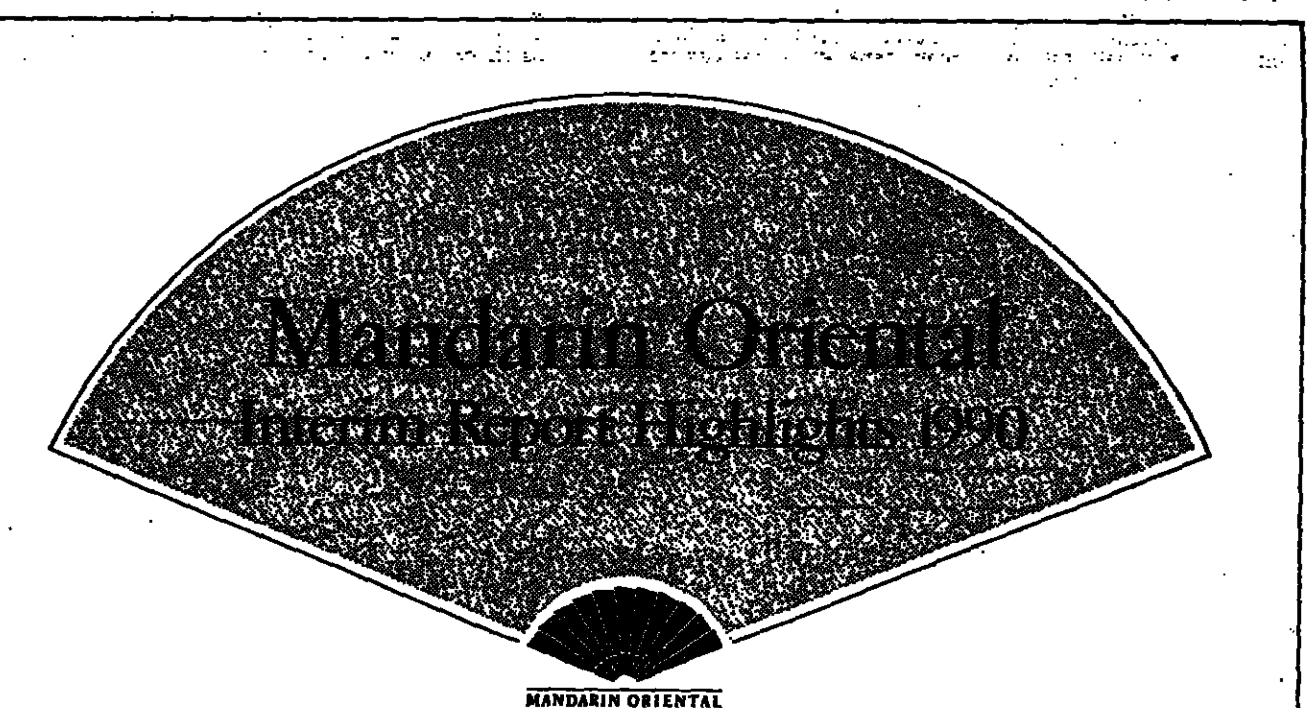
If you are interested in expanding your business base in Europe, call John Cutts at Samuel Montagu on (0) 71-260-9000 and we'll get the Network working for you.

SAMUEL MONTAGU & CO. LIMITED

10 LOWER THAMES STREET, LONDON EC3R 6AE

M/10

PART OF MIDLAND MONTAGU, THE INTERNATIONAL AND INVESTMENT BANKING ARM OF MIDLAND GROUP. A MEMBER OF THE SECURITIES ASSOCIATION



MANDARIN ORIENTAL
THE HOTEL GROUP

- Profit after taxation −7.5%
- Earnings per share −7.7%

- Dividend maintained.
- Full listing sought on The International Stock Exchange, *London*.
- Group continues to win industry awards:
  - Mandarin Oriental Hotel Group Winner 'Best Overseas Hotel Group' – Executive Travel magazine.
  - Mandarin Oriental, Hong Kong Winner 'Top 50 Hotels by Popularity' – Euromoney
  - The Oriental, Bangkok Winner 'Best Hotel' – *Institutional Investor*
  - The Oriental, Singapore Runner-up 'Hotel of the Year' – Executive Travel magazine

"Although most of our non-Hong Kong hotels are performing well, the main feature of the second half of the year, will be increased competition arising from the addition of new hotel rooms in Hong Kong. This will bring continuing pressure to bear both on occupancy and on average room rates."

SIMON KESWICK, Chairman
24th September 1990

Mandarin Oriental International Limited
Incorporated in Bermuda with limited liability
281 Gloucester Road, Causeway Bay, Hong Kong
Telephone: 895 9288 Telex: 86767 MOHG HX
Facsimile: 895 5202

HALF-YEAR RESULTS

	(Unaudited) Six months ended 30th June 1990 US$ million	(Unaudited) Six months ended 30th June 1989 US$ million	Year ended 31st December 1989 US$ million
Turnover	60.8	66.7	127.8
Operating profit	19.3	25.9	49.6
Share of profits less losses of associates	7.1	5.3	11.8
Profit before taxation	26.4	31.2	61.4
Taxation			
- Company and subsidiaries	(1.7)	(5.2)	(7.8)
- Associates	(2.1)	(1.5)	(3.2)
Profit after taxation	22.6	24.5	50.4
Minority interest	-	(0.1)	(0.1)
Profit after taxation and minority interest	22.6	24.4	50.3
Extraordinary items	19.5	-	-
Profit attributable to shareholders	42.1	24.4	50.3
Dividends	(9.5)	(9.5)	(33.8)
Transfer to reserves	32.6	14.9	16.5
	US¢	US¢	US¢
Earnings per share	3.34	3.62	7.44
Dividends per share	1.41	1.41	5.00

The Accounts have been prepared in United States Dollars and in accordance with International Accounting Standards and the 1989 comparative figures have been restated accordingly.

A member of the Jardine Matheson Group

MANDARIN ORIENTAL
THE WORLD'S FINEST HOTELS

INTERNATIONAL COMPANIES AND FINANCE

Nurturing the Brookfield fledgling

Bernard Simon on challenges for a new-born Canada property group

Any real estate developer willing to press on with North America's biggest commercial construction programme needs a cool head in a climate of rising vacancy rates, ferocious competition for tenants and nervous bankers.

Shareholders and creditors of Brookfield Development Corp also require a strong stomach as the Canadian property giant forges ahead to complete a huge 6.2m sq ft office and shopping complex in Toronto, Chicago, Minneapolis and Montreal.

The Reichmann family of Toronto, which made its fortune by buying office buildings when others were selling, sent an unsettling signal to the market last week with the announcement that it planned to sell a 20 per cent stake in its vast US portfolio.

Brookfield's challenge is compounded because it is technically bankrupt. It has gone through two bail-outs, three names and endless negotiations with bankers and suitors over the past decade.

Brookfield – previously known as BCE Development and before that as Daon Development – bears more than a passing resemblance to Dome Petroleum, the crippled Calgary energy giant which collapsed into the arms of Amoco Petroleum in 1987.

Brookfield's parent company, still known as BCED, had a shareholders' deficiency of C$72m (US$63m) at the end of last year.

After a C$550m writedown in asset values, its accumulated deficit reached a towering C$693m in mid-1990. It no longer pays dividends on its preferred shares, and has warned debenture holders that they may need to make sacrifices too. From a peak of C$18.50 in Daon's heyday in 1979, the share price has slid to a paltry 14 cents on the Toronto Stock Exchange.

BCED and Brookfield are being kept afloat by its main shareholder, Montreal communications conglomerate BCE, supported by Toronto real estate holding company Carena Developments.

Mr Gordon Arnell, chief executive of Brookfield, is confident that a business and financial restructuring followed by a recovery in the commercial property market will enable Brookfield to emerge within the next few years as a strongly capitalised company with C$3bn worth of blue-chip office blocks and shopping malls in six US and Canadian cities.

"It's going to be a very patient exercise," said Mr Ross Cowan, analyst at the securities firm Levesque Beaubien Geoffrion in Toronto. But in an echo of Mr Arnell's confidence, Mr Cowan notes that Brookfield has "extremely good buildings, long term."

Mr Arnell is one of the "corporate work-out" specialists who run the complex web of companies – of which Carena is one – controlled by Toronto's Bronfman brothers.

Carena is the Bronfmans' holding company for a slew of big Canadian developers, including Bramalea of Toronto (which specialises in homebuilding) and Trizec Corp of Calgary. Carena entered the BCED picture last year, after two abortive attempts by BCE to offload its crippled real estate subsidiary to Reichmann-owned Olympia & York Developments.

Although BCE still owns 67 per cent of BCED, Carena has taken over management of the company and has joined BCE in providing a secured loan of up to C$500m, which ranks ahead of the debentures.

BCE's role in BCED's problems has raised numerous questions about management competence and timely disclosure on the part of the Montreal conglomerate.

The battle to put Brookfield securely on its feet is taking place on two fronts – its property portfolio and the company's financing arrangements.

Brookfield is trimming its portfolio with the aim of selling 80 per cent of its non-core holdings by the end of 1991. It will then concentrate on office and retail properties in Toronto, Montreal, Chicago, Minneapolis, Denver and Los Angeles. Among the assets recently sold are a Miami condominium, a hotel and other parcels of land in California. The Vancouver office has been closed.

Brookfield has also wrung some concessions out of the US life insurers and other institutions which financed four particularly troublesome buildings where income streams are not keeping pace with costs. These four projects – for example, the 56-storey, 1.2m sq ft Republic Plaza, Denver's tallest office block – had a negative cash flow of C$40m last year. Republic Plaza in Denver is about 70 per cent-leased.

Mr Arnell said the lenders had agreed to accept only as much income as the four buildings were generating. The next step is to persuade them to substitute equity in the projects for some of their loans.

The financial restructuring in essence involves shifting the centre of gravity of the group from the present listed company, BCED, to a "clean" Brookfield. The secured loan, provided by BCE and Carena to BCED via Brookfield, will be converted into Brookfield equity at the time of a rights issue scheduled for July or August 1991.

Other common and preferred shareholders in BCED, as well as debenture holders, will then have an opportunity to invest directly in Brookfield. BCED's only remaining holdings will be tax losses (currently more than C$700m) plus non-core assets still on the block.

Brookfield has lined up financing commitments from four Canadian banks as well as Citibank for the C$2.2bn of new projects now under construction. The company is also in the closing stages of arranging a C$250m operating credit with banks to tide it over continuing shortfalls in rental income.

Mr Arnell is confident that once the restructuring is complete, Brookfield will have positive income and cash flow from its portfolio of blue-chip assets. By common consent, the projects under construction include some of the best-located and most eye-catching buildings in cities such as Toronto and Chicago.

Two big risks remain, either of which could push Brookfield down the same slippery slope as Dome Petroleum. A further slide in office rentals could undermine Brookfield's financial projections, forcing it either to ask for more concessions from lenders, or to sell some of its jewels.

The unexpectedly weak market has already led Brookfield to revise projections for some of the buildings, giving itself an extra year to reach profitable leasing levels.

Further pressure on US and Canadian banks to narrow their exposure to real estate would hurt Brookfield. "I'm afraid the banks may create a situation of significant illiquidity," Mr Arnell said. "The real estate industry needs credit."

Even if all goes well, Mr Arnell acknowledges that it could take 5-7 years before Brookfield makes a full recovery from the legacy left by Daon and BCED. But chances are that existing equity and debenture holders will in the end have little to show for their patience.

Corroon offers dividend sweetener

By Nikki Tait in New York and Richard Lapper in London

CORROON & Black, the US insurance broker lined up to merge with Britain's Willis Faber after would-be rival bidder, Aon Corporation, withdrew from the fray on Friday, is offering its shareholders a dividend "sweetener" if the Willis deal goes ahead.

At a board meeting on Sunday, Corroon directors agreed to declare a $2.50 a share special dividend, to be paid 15 days after completion of the Willis merger. It will cost Corroon about $50m in total and Willis has agreed to its payment.

Yesterday, Corroon was tight-lipped about the pressures which had triggered this largesse. However, Mr Robert Cuthbert, the company's chief financial officer, said it was designed to "facilitate the transaction".

He declined to comment on whether there had been pressure from individual shareholders, adding only that the payment aimed "to get everyone's focus back on this transaction".

Baring Brothers, the merchant bank which has advised Willis, said the dividend had been offered to assist "prompt implementation" of the merger and help settle outstanding litigation.

The dividend will offset the fact that a deterioration in Willis' share price recently has made the Willis offer less attractive to Corroon shareholders, according to Barings. However, even with the special dividend payment, shareholders will not match the $40-a-share cash terms which Aon was offering prior to its departure last week.

The all-share offer from Willis gives Corroon shareholders 7.8 Willis shares for each Corroon share held, which – with Willis trading 8p lower at 204p yesterday – is worth about $29.95 per Corroon share on current exchange rates.

Newmont Australia in bid battle

A POTENTIALLY bitter battle has broken out over the future of Newmont Australia, whose main assets are majority holdings in the Telfer and New Celebration gold mines in Western Australia, writes Kenneth Gooding.

Newmont Australia said yesterday it planned to merge with BHP Gold Mines, 56 per cent-owned by Broken Hill Proprietary, Australia's largest industrial group, via a one-for-two share offer. The combined company would be Australia's second-largest gold producer after Western Mining, have a market capitalisation of more than A$1bn (US$833m) and annual gold output of 750,000 troy ounces.

Poseidon Gold, part of Mr Robert Champion de Crespigny's Normandy-Poseidon group, has made an A$825m bid for Newmont Australia, offering one Poseidon Gold share for two of Newmont.

Mr de Crespigny, executive chairman of Normandy-Poseidon, made clear in London yesterday that his company intended to go ahead with the offer for Newmont Australia which, if successful, would transform Poseidon Gold into one of the largest companies of its kind outside South Africa.

He said that Poseidon Gold owned 19.99 per cent of Newmont Australia, and said: "We started a few years ago to build an international-class gold company. Newmont Australia shareholders will have to make up their minds whether they want to be with a company with plans for growth and which intends to become a major international player or one where the parents are great companies but are diluting out of the business."

Newmont Mining, the biggest gold producer in North America, 19 months ago cut its stake in its Australian associate from 70 per cent to just more than 43 per cent. With the sale of more shares to Poseidon, the US group now owns about 23 per cent. It said it supported the proposed merger between Newmont Australia and BHP. The Newmont Australia share price closed at 95 cents yesterday so the offer values each BHP Gold share at 49 cents (against 48 cents at yesterday's close) giving the company a market value of A$475.3m.

On full acceptance of the offer, BHP Gold shareholders would own about 42 per cent of the enlarged capital of Newmont Australia and BHP's holding would be 23.1 per cent.

Delta Air warns of decline in quarter

By Nikki Tait in New York

DELTA AIR Lines, the third largest US carrier and widely considered to be one of the industry's strongest players, yesterday warned that first-quarter figures for the three months to the end of September would be "significantly worse" than in the same period of 1989.

Delta blamed the downturn on the sharp escalation in fuel prices, saying it was now paying 94 cents a gallon for jet fuel, a increase of 64 per cent from July levels. It also cited the "current condition of the general economy".

In the first quarter of 1989, when Delta benefited from the troubles at its strike-hit rival, Eastern Air Lines, it made a record $133.1m after tax.

Delta's forecast, made in a formal statement, comes hot on the heels of a prediction from Mr Bob Crandell, chairman of American Airlines, that first-half results for the US's biggest carrier would be "stinko".

Both warnings indicate the pressures which the industry, flush with overcapacity, finds itself under as costs rise and the capacity to push through fare increases is limited.

On this latter score, some relief approached yesterday as the Washington-based Department of Transportation approved the US airlines' request for a range of international fare increases.

Despite deregulation of the industry, such approval is still needed and if the increases can become effective, other nations must give similar blessing.

The agreement covers a surcharge of 7 per cent on most US-Europe passenger fares, "in order to offset recent increases in fuel price caused by the recent crisis in the Middle East", and surcharges on passenger fares and cargo rates elsewhere.

On the latter score, where flights emanate from or arrive in the US, the increase will also be 7 per cent in most cases.

Air France in deal with USAir

AIR France, the state-owned airline, has signed a commercial agreement with USAir, one of the leading US domestic airlines, aimed at boosting co-operation on transatlantic routes, writes George Graham.

The French national flag carrier will conclude a reciprocal blocked space agreement covering USAir's Philadelphia-Paris flight and one of its flights from Paris to a USAir hub in North America.

The airlines will also harmonise their schedules and set up "through check-in" procedures to ease connections between flights. This may be backed up by "code-sharing" agreements allowing the use of a single flight number for a route which includes a stop-over, even if the two legs of the trip are flown by different carriers.

Nearly 99 per cent of USAir's traffic is within the US, where it ranks first by number of flights with 3,000 a day.

Johannesburg Consolidated Investment Company, Limited
(Incorporated in the Republic of South Africa)
Registration No. 01/00429/06

Abridged notice of annual general meeting

The annual general meeting of ordinary shareholders of Johannesburg Consolidated Investment Company, Limited will be held in the board room, Consolidated Building, corner Fox and Harrison Streets, Johannesburg on Wednesday, 24 October 1990 at 12 noon.

In addition to the ordinary business of the meeting, special business pertaining to the placing of the unissued ordinary shares under the control of the directors, and to the allotment and issue, from time to time, of shares to selected directors of the Company, to enable them to exercise the options granted to them to subscribe for or purchase ordinary shares in the Company in terms of the provisions of the share option scheme, as set out in the notice to members, will be conducted at the annual general meeting.

The transfer books and register of members of the Company will be closed from 18 to 24 October 1990 both days inclusive.

Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and speak and, on a poll, to vote in his stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy will accompany the annual report. Proxy forms must be deposited at the registered office of the Company not less than 24 hours before the time appointed for the holding of the meeting, or at the offices of Barclays Registrars Limited not less than 48 hours before the time appointed for the holding of the meeting.

Holders of share warrants to bearer who wish to attend in person or by proxy and vote at the meeting are required to comply with the regulations of the Company relating to share warrants. Copies of the regulations are available on application.

By order of the Board
M.L. Meyer
Secretary.
London Secretaries:
Barnato Brothers Ltd
99 Bishopsgate
LONDON EC2M 3XE

Registered Office:
Consolidated Building
cnr. Fox and Harrison Streets
Johannesburg 2001
Postal address:
P.O. Box 590, Johannesburg 2000

24 September 1990

Copies of the annual report are available from the London Secretaries.

CORRECTION NOTICE
RIGGS NATIONAL CORPORATION
US $60,000,000
FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the Notes, notice is hereby given that for the period 20 September 1990 to 20 December 1990 the Notes will carry a rate of interest of 8 7/16% per annum with a coupon amount of US$213.28.

CHEMICAL BANK As Agent Bank

CB FUND INTERNATIONAL
Société d'Investissement à Capital Variable
R.C. Luxembourg B 21603
NOTICE TO SHAREHOLDERS

The Board of Directors of CB Fund International in their meeting held on 12th September, 1990 have unanimously decided to suspend definitively the quotation of the shares of CB Fund International on the Luxembourg Stock Exchange from 25th September, 1990

Luxembourg, 20th September, 1990

The Board of Directors

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE

$1,250,000,000

Standard Credit Card Trust 1990-7

8.875% Class A Credit Card Participation Certificates

Citibank (South Dakota), N.A.
Seller/Servicer

Citibank (Nevada), National Association
Seller

The price is 99.910% per Certificate. Interest is payable semiannually commencing March 11, 1991. The Expected Final Payment Date of the Class A Certificates is October 12, 1993.

August 30, 1990

Citicorp Investment Bank Limited	Citibank, N.A.
Merrill Lynch International Limited	Merrill Lynch Capital Markets
Credit Suisse First Boston Limited	Daiwa Securities America Inc.
Daiwa Europe Limited	The First Boston Corporation
Goldman Sachs International Limited	Goldman, Sachs & Co.
Kidder, Peabody International Limited	Kidder, Peabody & Co. Incorporated
Lehman Brothers International	Lehman Brothers
J.P. Morgan Securities Ltd.	J.P. Morgan Securities Inc.
Nomura International	Nomura Securities International Inc.
Salomon Brothers International Limited	Salomon Brothers Inc
UBS Phillips & Drew Securities Limited	UBS Securities Inc.
BNP Capital Markets Limited	Chase Securities, Inc.
IBJ International Limited	Chemical Securities, Inc.
Paribas Capital Markets Group	PaineWebber Incorporated
Swiss Bank Corporation Investment Banking	Prudential-Bache Capital Funding Inc.
S.G. Warburg Securities	Smith Barney, Harris Upham & Co. Incorporated

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE

$155,000,000

Standard Credit Card Trust 1990-7

9.125% Class B Credit Card Participation Certificates

Citibank (South Dakota), N.A.
Seller/Servicer

Citibank (Nevada), National Association
Seller

The price is 99.855% per Certificate. Interest is payable semiannually commencing March 11, 1991. The Class B Expected Final Payment Date is December 10, 1993.

August 30, 1990

Citibank, N.A.	Citicorp Investment Bank Limited
Merrill Lynch Capital Markets	Merrill Lynch International Limited
Goldman, Sachs & Co.	Goldman Sachs International Limited

Interim Report Highlights 1990

Hongkong Land

- Earnings per share +32%
- Dividend per share +34%

- Investment properties valued at US$5.65 billion
- Portfolio 98% leased
- Full listing sought on The International Stock Exchange, London

"The Directors believe that the Group's income from properties should continue to benefit from positive rental reversions over the next 12 months."

SIMON KESWICK, *Chairman*
21st September 1990

HALF-YEAR RESULTS

	(unaudited) Six months ended 30th June 1990 US$ million	1989 US$ million	Year ended 31st December 1989 US$ million
Turnover	176.9	131.4	287.3
Operating profit	174.8	122.6	274.4
Other income	0.7	0.1	0.3
Financing charges	(28.0)	(10.6)	(53.2)
Profit before taxation	147.5	112.1	221.5
Taxation	(17.9)	(13.8)	(28.4)
Profit after taxation	129.6	98.3	193.1
Dividends	(70.1)	(51.7)	(157.3)
Transfer to reserves	59.5	46.6	35.8
Earnings per share	US¢ 5.10	3.86	7.61
Dividends per share	US¢ 2.75	2.05	6.15
Net asset value per share	US$ 1.90	N/A	2.00

The accounts have been prepared in United States Dollars and in accordance with International Accounting Standards and the 1989 comparative figures have been restated accordingly. The underlying Accounts of the Group are principally denominated in Hong Kong Dollars and have been translated into United States Dollars at an exchange rate of US$1.00 to HK$7.80.

Hongkong Land Holdings Limited
Incorporated in Bermuda with limited liability

A member of the Jardine Matheson Group

New Issue
September 24, 1990

All these Notes having been sold, this announcement appears as a matter of record only.

STORA
Finansförvaltning AB

DM 300,000,000
Floating Rate Notes 1990/94

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

ALGEMENE BANK NEDERLAND N.V. | BANK BRUSSEL LAMBERT N.V. | BAYERISCHE LANDESBANK GIROZENTRALE

BREMER LANDESBANK | DEUTSCHE GIROZENTRALE – DEUTSCHE KOMMUNALBANK – | DSL BANK DEUTSCHE SIEDLUNGS- UND LANDESRENTENBANK

LANDESBANK RHEINLAND-PFALZ – GIROZENTRALE – | SÜDWESTDEUTSCHE LANDESBANK GIROZENTRALE | UNIBANK A/S

Ente Nazionale
per l'Energia Elettrica
(ENEL)

Yen 10,000,000,000

Guaranteed Floating Rate Notes due 1992

For the six months
28th September, 1990 to 28th March, 1991

In accordance with the terms and conditions of the Notes, notice is hereby given that the rate of interest has been fixed at 7.96 per cent. per annum, and that the interest payable on the relevant Interest Payment Date (as defined in the terms and conditions) being, 28th March, 1991 against Coupon No. 7 will be Yen 394,233.

The Saitama Bank, Ltd.
Agent Bank

IN THE HEART OF MANHATTAN
The Lombardy Hotel
Off Park Avenue
111 East 56th Street
New York, N.Y. 10022
Newly Renovated Luxurious Accommodations
Singles, Doubles,
One and Two Bedroom Suites
Short or Long Term Rentals
All Hotel Services
The Laurent – 3 Star Restaurant
Please Call or Write for Information or Reservations
Phone: 212-753-8600
Fax: 212-754-5683
Toll Free: 1-800-222-6254
The Lombardy
NEW YORK

FINLAND
The Financial Times proposes to publish this survey on:

15th November 1990

For a full editorial synopsis and advertisement details, please contact:
Peter Sorensen, Salomonkatu 17A 20 00100 Helsinki, Finland. Fax: 694 9498 Tel: 694 0417

or write to Chris Schaanning or Kirsty Saunders at:

Number One
Southwark Bridge
London SE1 9HL
Tel: 071 873 3428/4823
Fax: 071 873 3079

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INTERNATIONAL COMPANIES AND FINANCE

Charges add to Goodman Fielder loss

By **Kevin Brown** in Sydney

GOODMAN Fielder Wattie, the Australasian food group, yesterday announced a bigger than expected net loss of A$85.6m (US$71.3m) for the year to June 30, struck after abnormal losses of A$202.7m.

The scale of the abnormal loss surprised the market, which had been expecting a net loss of up to A$60m, compared to a net profit of A$317m after abnormals last year.

However, the group said it had decided to make provisions against all its non-core investments to clear the way for a recovery based on organic growth in its core activities.

Mr Michael Nugent, chief executive, said the board recognised that its non-core investments had performed poorly, and that only "prudent accounting treatment" would remedy the problems they had caused for the group.

"These provisions had to be made in order to allow the underlying financial strength of the group and its future profits to be clearly understood. Future performance of the group should therefore be free from financial impediments or issues arising from previous non-core investment activities," Mr Nugent said.

Pat Goodman: scale of the group's loss surprised markets

The biggest provision was for A$81.1m against the group's 49 per cent holding in Barcora, the vehicle for an executive share scheme, which owns 9.8 per cent of Goodman. The balance of Barcora's shares are owned by a trust controlled by Goodman executives.

The provision reflects a reduction in the value of the group's holding in Barcora, caused by a fall of more than A$1 in Goodman's share price over the last year.

The group also wrote off its A$60m investment in Harlin Holdings, the private company controlled by Mr John Elliott which is the main shareholder in Elders IXL, the Australian brewing and jam group. The investment was held indirectly through Bamis Finance.

The other main components of the abnormal loss were a provision of A$43.2m relating to rationalisation costs in Australia and New Zealand, and losses of nearly A$40m arising from the group's abortive attempt last year to take over Industrial Equity Ltd (IEL).

The takeover bid, worth A$1.8bn in cash and shares, was part of a deal agreed between Mr Pat Goodman, chairman of Goodman, and Sir Ron Brierley, the New Zealand entrepreneur, who had decided to sell his Australian interests.

However, the deal was overtaken by an attempted management buy-out of IEL, which also failed. Goodman eventually sold its 20 per cent stake to Mr John Spalvins' Adelaide Steamship group, which now controls IEL.

Goodman said it had lost A$18.8m on the disposal of IEL shares, and A$19.7m in carrying costs. Goodman had earlier successfully fought off a £1.3bn bid from Ranks Hovis McDougall of the UK, for which the group had itself bid unsuccessfully in 1988.

The group said profits were up 21.6 per cent to A$200m before interest and tax, on turnover up 16.8 per cent to A$3.5bn. However, profits were down by 6.2 per cent to A$117m after interest charges, taxes and minorities.

The board said the final dividend would be maintained at 6 cents, making a total dividend for the year of 11 cents, the same as last year.

Kay Hian James Capel goes public

By **Joyce Quek**

KAY HIAN James Capel (KHJC), a venture between two of the oldest stockbroking firms in Singapore and the UK, is going public, despite a weak local stock market caused by the Gulf crisis and the launch last week of two other issues.

KHJC is raising net proceeds of S$36m (US$20.6m) from the offer of 83.2m shares at 75 cents each. The offer closes on October 8. The company's price-earnings ratio is 14.2 compared with 16.4 and 17.6 for last week's issues by GK Goh and Kim Eng Securities respectively.

The directors forecast record pre-tax and after-tax profits of S$26m and S$18m respectively for the year ending December 31 1990. This compares with after-tax profits of S$13.1m for the nine months to December 31 1989 and S$7.3m for the year to March 31 1989.

For the half year to June 1990, KHJC earned after-tax profits of S$11.1m. To meet its 1990 forecast, it requires second-half profits of S$9m, which it believes is achievable based on the assumption of a daily market turnover of S$92m from September to December.

KHJC has an 8 per cent market share.

Part of the proceeds will be used to expand the group's business in Asia and Europe.

Kay Hian was founded early this century by Mr Khoo Kay Hian. The London-based James Capel was set up in 1775. Mr Wee Ee Chao, the eldest son of Mr Wee Cho Yaw and founder of United Overseas Bank group, led a group which took over Kay Hian.

The younger Mr Wee is now KHJC's joint managing director with Mr George Ives of James Capel, which is owned by Hongkong and Shanghai Banking Corporation.

James Capel merged its stockbroking interests in Singapore by taking a 30 per cent stake in Kay Hian in June last year. It raised its holdings to 49 per cent in March this year.

After the public offer of 49.91m new shares and 33.27m vendor shares, the Singaporean directors and James Capel will each hold 37.5 per cent.

Mandarin Oriental down 7.5%

By **Angus Foster** in Hong Kong

MANDARIN Oriental, the luxury hotels arm of the Jardine Matheson group, yesterday reported a 7.5 per cent drop in profits before extraordinary items. The company was affected by increased competition and fewer visitors to Hong Kong.

Mandarin also announced it was following other companies in the Jardine Matheson group – controlled by the Keswick family – by applying for a listing on the International Stock Exchange in London. The company is also redenominating its share capital into US dollars and launching a sponsored American depositary receipts programme.

Mr Robert Riley, managing director, said the moves would provide greater liquidity for investors and give the company a more international profile.

Mandarin said profits fell to US$22.6m compared with US$24.4m last time. Extraordinary profits from the write-back of provisions against associated companies lifted profits attributable to shareholders to US$42.1m. The interim dividend was unchanged at 1.41 US cents.

Mr Riley said market conditions were tough, with several luxury hotels due for completion this year and next. Some Hong Kong hoteliers expect the number of rooms in the colony to increase by 40 per cent by the end of 1992. Visitor arrivals, meanwhile, are stagnant due to a slowing economy and fewer tourists following last June's crackdown in Peking.

Mr Riley said, however, that the company was not heavily leveraged and had the financial strength to ride out the downturn.

He said the company had not been approached by Accor, the French hotel and restaurant group which has built up a 10 per cent stake in Mandarin. Accor says it does not want to buy Mandarin, but might be interested in working with the company as part of the French group's expansion into Asia.

Mandarin's hotel in Thailand, the Oriental Bangkok, lifted interim earnings 12 per cent.

Pick 'n Pay advances strongly

By **Philip Gawith** in Johannesburg

PICK 'N PAY, South Africa's largest retail chain, has achieved increases in profit and turnover against a background of a stagnating economy and difficult trading conditions in the six months to the end of August.

Turnover was 18.7 per cent higher at R2.44bn ($949m) and pre-tax profits were 15.3 per cent up at R62.7m.

Mr Chris Hurst, financial director, said the company was particularly pleased with the increase in turnover. He attributed the slightly lower income figure largely to heavy markdowns in the textiles division. This was the result of of over-buying, and the company was required to take a loss to get rid of the stock.

Mr Hurst stressed that this was a one-off, non-recurring item and that the group was bullish for the second six months. They were aiming for a 20 per cent increase in pre-tax profit for the year.

A factor working in Pick 'n Pay's favour was that its two main competitors, OK Bazaars and Checkers, have suffered badly from industrial action in recent months. Pick 'n Pay probably picked up customers as a result.

Mr Hurst said the group was pleased to see a return on the heavy investment it had made in technology in recent years. Shrinkage in the food division, which accounts for 80 per cent of turnover, was one third lower than in the previous period. He anticipated further improvements in this area.

Earnings per share were up 15 per cent at 41.8 cents compared with 36.3 cents, while the dividend was lifted by 19 per cent to 12.5 cents per share from 10.5 cents.

Shipper marks time in first half

By **Joyce Quek** in Singapore

NEPTUNE Orient Lines (NOL), Singapore's international shipper, has reported barely-changed halftime results.

Group turnover at S$634.1m (US$362.3m) for the six months to June was 3.9 per cent higher than a year ago, having been hit by losses on translation of transactions in foreign currencies. Group pre-tax profits rose 6.6 per cent to S$37.5m, with interest expenses 3 per cent higher at S$17.3m, partially offset by higher contributions from associates.

However, the group is unlikely to match the S$80.5m pre-tax profits of 1989, expecting instead to maintain the first half's profit level.

Mr Herman Hochstadt, NOL chairman, said the worldwide uncertainty and higher oil prices caused by the Gulf crisis and the strengthening Singapore dollar were likely to affect the second-half performance. The energy bill for NOL's fuel-efficient fleet was S$90m in 1989, or 6 to 7 per cent of total operating costs.

The carrier hoped it would not be affected badly by higher bunker prices on the assumption that it was able to pass on the full increase to shippers.

The weakening of the US dollar against the Singapore currency resulted in a S$24m paper loss, as the bulk of the carrier's earnings are in US dollars.

However, the stronger local currency also helped as two thirds of NOL's S$1bn loans and most of its operating expenses are also denominated in US dollars.

The conversion of 30m preference shares diluted the group's earnings per share from 5.55 cents to 4.82 cents in June.

Siebe plc

through its indirect wholly-owned subsidiary Siebe Inc.

has acquired

The Foxboro Company

The undersigned acted as financial advisor to Siebe plc in this transaction.

LAZARD FRÈRES & CO. LAZARD BROTHERS & CO., LIMITED

September 19, 1990

INTERNATIONAL APPOINTMENTS

Mr Hans-Joerg Rudloff to quit Credit Suisse board

THE SUPERVISORY board of Credit Suisse has announced that Mr Hans-Joerg Rudloff, a member of the executive board since January 1987, will resign from the board from the end of this year.

His responsibilities at Credit Suisse will be transferred to Mr Hans-Ulrich Doerig.

This will enable Mr Rudloff to concentrate on his present responsibilities as chairman and chief executive of Financière Credit Suisse First Boston, as well as his new responsibilities as member of the Group Executive Committee of CS First Boston.

Through the newly formed joint venture, Credit Suisse Financial Products, Mr Rudloff will continue to be directly connected with Credit Suisse, and will contribute to strengthening the group's standing in the global financing business.

Hans-Joerg Rudloff: resigning from board at Credit Suisse

*****

MR ERNEST Kaiser has been appointed senior vice president and head of the Geneva branch of Amro Bank and Finance, the wholly owned Swiss subsidiary of Amsterdam-Rotterdam Bank.

Mr Kaiser is an experienced private banker, formerly spending many years with Citibank N.A. and Credit Suisse in their Geneva offices.

*****

MR ROMEO Van de Borch has joined Citibank as its country corporate officer for the Netherlands.

Mr Van der Borch, 43, was most recently at Amro Bank NV, where he was executive vice president in charge of corporate banking.

*****

MR CHESTER Crocker has joined the board of Minorco, the Luxembourg-quoted offshoot of Anglo American Corporation of South Africa.

Mr Crocker served as a US assistant secretary of state for African affairs from 1981 to 1989 and was the principal US mediator of the 1988 Namibia-Angola settlement.

He is an international consultant on strategy and negotiation and holds the position of research professor of international relations at Georgetown University.

*****

FORD MOTOR of Canada, 94 per cent owned by the US parent automotive group, has named Mr Ken Harrigan chairman and chief executive officer, effective October 1. He was previously president and CEO.

The position of chairman was created recently, Mr Harrigan said: "I will be concentrating more on corporate activities rather than day-to-day operations."

Mr James O'Connor will become president and chief operating officer. He had been general sales and marketing manager at Ford's parts and service division in Dearborn, Michigan.

*****

VAN OMMEREN Ceteco, the Dutch transport and trading group, is to have a new chairman of the board of management from the beginning of next year. He is Mr Carel van den Driest, who will succeed Mr Wim Brouwer on his retirement.

Mr van den Driest, 42, joined Van Ommeren in 1974 and was elected to the board of management in 1988, having been managing director of Van Ommeren Rotterdam and Van Ommeren Terminal Singapore.

Mr Brouwer, 60, was elected to Van Ommeren's board of management in 1977 following a career with Shell.

He became chairman the following year.

*****

MR NIALL FitzGerald has been co-opted to the court of directors of Bank of Ireland. He is an executive director of Unilever NV and Unilever Plc, and is currently responsible for the group's food operations in Europe, Latin America and Africa.

Mr FitzGerald, who was born in Ireland, is a member of the board of Bank of Ireland Britain Holdings.

*****

REMY & ASSOCIES, the distribution and diversification arm of Rémy Martin, the French cognac house which merged with Cointreau last year, has appointed Mr Ralph M. Browning as chairman.

Mr Browning joined Rémy Martin in 1976 as directeur commercial, with responsibility for sales and marketing around the world, based in Cognac. In 1982 he became managing director of Rémy Europe & Atlantic and then, following its creation in 1987, managing director of Rémy & Associés.

*****

SAUDI American Bank (SAMBA), the US Citibank's affiliate in Saudi Arabia, has named Mr Michael Chahine as New York representative, succeeding Mr Peter Eliot.

From SAMBA's representative office in New York, Mr Chahine will act as chief liaison for the bank's US corporate customers who do business in Saudi Arabia and Turkey, and assist Saudi and Turkish clients who invest in the US.

He was formerly vice president in Citibank's private banking division in the South-Central region, based in Chicago. Since joining Citibank in 1980, he has held senior positions in Saudi Arabia.

*****

THE NEW YORK Mercantile Exchange has hired Richard J. Henken as vice president of market.

He joins Nymex from A. T. Kearney, management consultants, where he was manager. Mr Henken has also worked for Cahners Publishing Company and the Harris Trust and Savings Bank.

Austrian bank names new deputy chairman

GIROZENTRALE Vienna, Austria's second largest bank, has announced important management changes to be effective from November 1.

Herbert Lugmayr will become deputy chairman of the managing board, while Helmut Jell will take over as executive vice president and member of the management board.

Fritz Anton, senior vice president and present head of international division one, will be the new treasurer.

The bank is merging its two international divisions, and has appointed Anton M. Burghardt, senior vice president and current head of international division two, as head, international.

Mr Anton will report to Herbert Lugmayr.

*****

MOTOROLA, the radio-telephone systems group, has announced that John M. Scanlon will join the group as vice president and general manager of the cellular infrastructure division.

Mr Scanlon, 48, is currently chief operating officer of the Cambridge Technology Group, of Cambridge, Massachusetts. Before that, he spent more than 23 years with AT&T in switching and computer systems.

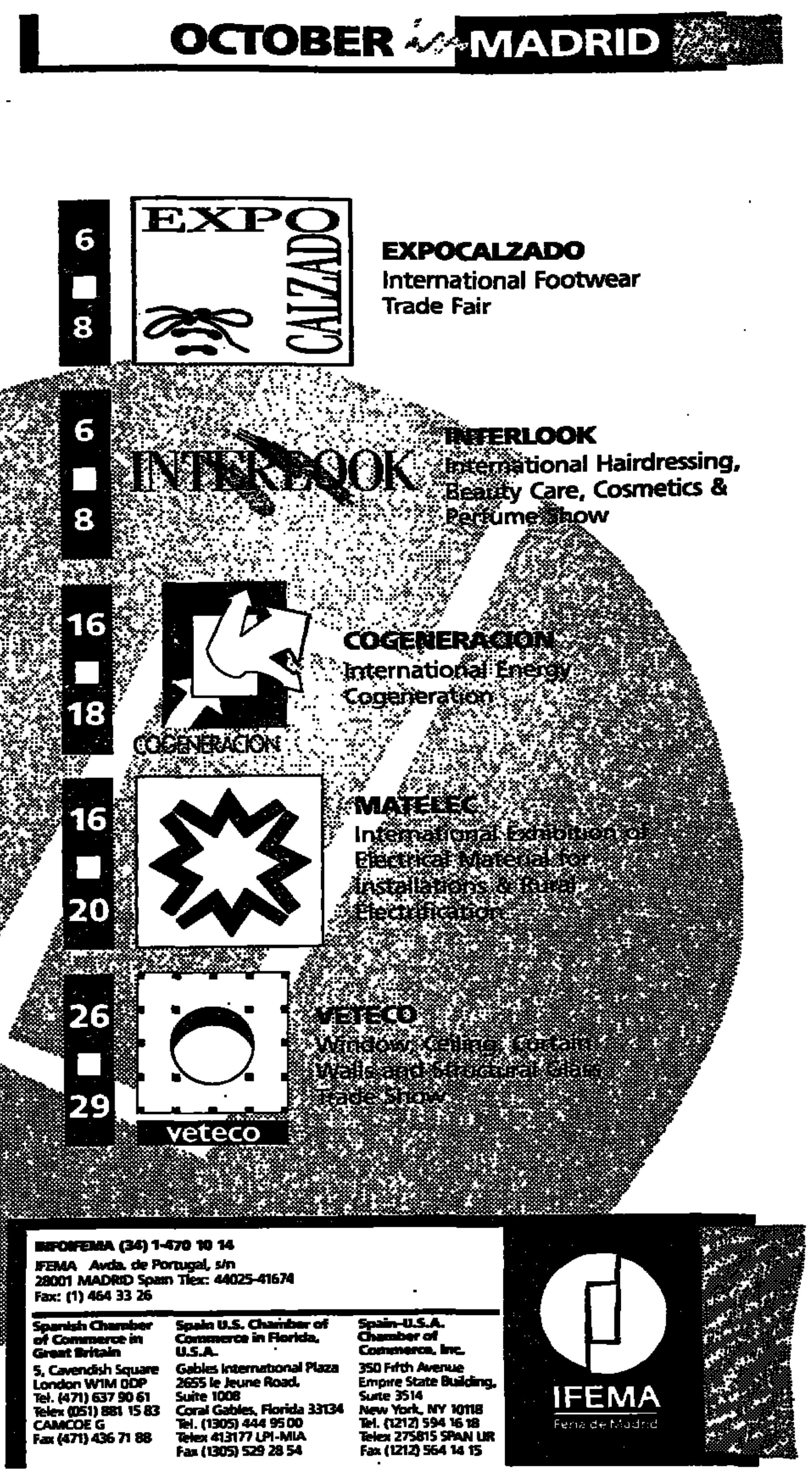
"Over the last several years, we have been planning and developing more and more intelligent cellular network products and services," said Mr Bernard Smedley, senior vice president.

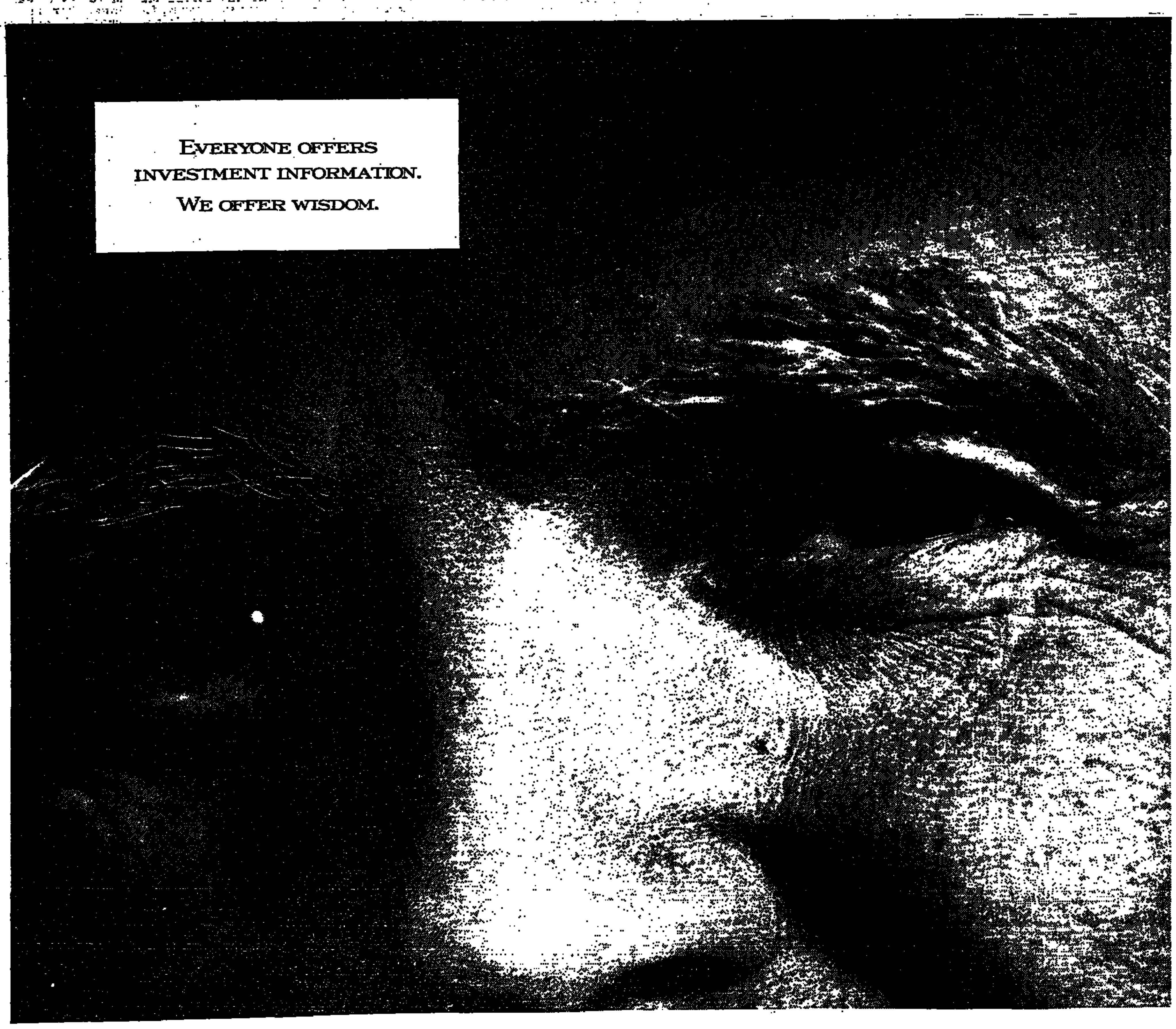
"Now that John Scanlon is joining us, we are confident that our vision in this area can become a reality much sooner."

*****

GARRICK T. HU has been promoted to general manager of the technical centre for Paccar, the heavy vehicle maker, in Mount Vernon, Washington.

Mr Hu has been with Paccar since 1983, when he joined as senior project engineer. He has since had a variety of responsibilities at the technical centre as well as assignments with other Paccar operations.





Information is merely an accumulation of facts. Wisdom lies in knowing how to use those facts. We apply this principle when we design a diversified portfolio, tailored to an investor's performance criteria.

With over a century of successful investment experience, we have learned that true wisdom begins with an understanding not only of investments, but of the investor. We know that successful strategies are dictated by the investor's unique goals and objectives, both long-term and short-term.

Aetna has become the largest investor-owned insurance and financial services organization in the United States by paying close attention to these beliefs. Today, clients trust us with over U.S. $75 billion in management funds because of our market knowledge, and sophisticated research and management techniques. But also, because we understand our investor's individual requirements.

May we apply some of our wisdom to your situation? We invite your call.

Ætna

ÆTNA INVESTMENT MANAGEMENT NETWORK

USA (203) 273-5917 Toronto (416) 864-8514 London (071) 833-3579
Taipei (2) 735-9236 Sydney (2) 413-3400 Hong Kong 821-4585 Tokyo (03) 436-8201

This advertisement has been issued in the U.K. and approved by Aetna Investment Management Ltd., a member of IMRO.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday September 24 1990. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	52.6664	33.8160	38.7317
Albania	(Lek)	10.2115	5.4186	3.4792	3.9849
Algeria	(Dinar)	17.4439	9.2565	5.9434	6.8073
Andorra	(Fr Fr)	9.8225	5.2122	3.3466	3.8331
	(Sp Peseta)	183.55	97.3998	62.5383	71.6292
Angola	(Kwanza)	56.2710u	2.7062	19.1724	21.9594
Antigua	(E Carr $)	5.09	2.7009	1.7342	1.9863
Argentina	(Austral)	10909.00	5788.8033	3716.8654	4257.1707
Aruba	(Florin)	3.3607	1.7833	1.1450	1.3114
Australia	(Aus $)	2.2580	1.1981	0.7693	0.8811
Austria	(Schilling)	20.625	10.9445	7.0272	8.0487
Azores	(Port Escudo)	260.80	138.3921	88.8586	101.7756
[illegible]					
Falkland Is	(Falk £)	1.00	0.5306	0.3407	0.3902
Faroe Is	(Danish Kroner)	11.2450	5.9671	3.8313	4.3882
Fiji Is	(Fiji $)	2.6832	1.4238	0.9142	1.0471
Finland	(Markka)	6.9870	3.7076	2.3805	2.7266
France	(Fr)	9.8225	5.2122	3.3466	3.8331
Fr. Cty/Africa	(CFA Fr)	491.15	260.6261	167.3424	191.6682
Fr. Guiana	(Local Fr)	9.8225	5.2122	3.3466	3.8331
Fr. Pacific Is	(CFP Fr)	177.78	94.3380	60.5724	69.3775
Gabon	(CFA Fr)	491.15	260.6261	167.3424	191.6682
Gambia	(Dalasi)	14.8863	7.8993	5.0719	5.8092
Germany East	(DMark)	2.9350	1.5574	1	1.1453
Germany West	(DMark)	2.9350	1.5574	1	1.1453
Ghana	(Cedi)	689.960	366.1236	235.0800	269.2526
Gibraltar	(Gib £)	1.00	0.5306	0.3407	0.3902
Greece	(Drachma)	282.90	150.1193	96.3884	110.4000
Greenland	(Danish Krone)	11.2450	5.9671	3.8313	4.3882
Grenada	(E Carr $)	5.06	2.6850	1.7240	1.9746
Guadaloupe	(Local Fr)	9.8225	5.2122	3.3466	3.8331
Guam	(US $)	1.8845	1	0.6420	0.7354
Guatemala	(Quetzal)	8.4916	4.5060	2.8932	3.3137
Guinea	(Fr)	563.25	298.8856	191.9080	219.8048
Guinea-Bissau	(Peso)	1220.38	647.5882	415.8023	476.2458
[illegible]					
Nauru Is	(Australian $)	2.2580	1.1981	0.7693	0.8811
Nepal	(Nepalese Rupee)	55.0108	29.1911	18.7430	21.4676
Netherlands	(Guilder)	3.3025	1.7524	1.1252	1.2887
N'nd Antilles	(A/Guilder)	3.3607u	1.7900	1.1450	1.3114
New Zealand	(NZ $)	3.0205	1.6028	1.0291	1.1787
Nicaragua	(Cordoba)	2538000.00	1346776.333	864735.945	990439.024
Niger Rep	(CFA Fr)	491.15	260.6261	167.3424	191.6682
Nigeria	(Naira)	14.8698	7.8905	5.0663	5.8028
Norway	(Nor. Krone)	11.3975	6.0480	3.8833	4.4478
Oman	(Rial Omani)	0.7419	0.3936	0.2527	0.2895
Pakistan	(Pak. Rupee)	40.60	21.5441	13.8330	15.8439
Panama	(Balboa)	1.8845	1	0.6420	0.7354
Papua New Guinea	(Kina)	1.7497	0.9284	0.5961	0.6828
Paraguay	(Guarani)	2249.68	1193.7808	766.5008	877.9239
Peru	(Inti)	837974.29	444666.644	285510.831	327014.357
Philippines	(Peso)	46.60	24.7280	15.8773	18.1853
Pitcairn Is	(£ Sterling)	1.00	0.5306	0.3407	0.3902
	(NZ $)	3.0205	1.6028	1.0291	1.1787
Poland	(Zloty)	18245.00	9681.6131	6216.3543	7120
Portugal	(Escudo)	260.80	138.3921	88.8586	101.7756
Puerto Rico	(US $)	1.8845	1	0.6420	0.7354
Qatar	(Riyal)	6.7613	3.5878	2.3036	2.6385
[illegible]					
Virgin Is-British	(US $)	1.8845	1	0.6420	0.7354
Virgin Is-US	(US $)	1.8845	1	0.6420	0.7354
Western Samoa	(Tala)	4.4422	2.3572	1.5135	1.7335
Yemen	(Rial)	22.62	12.0031	7.7069	8.8273
Yemen PDR	(Dinar)	0.8665g	0.4615	0.2952	0.3381
Yugoslavia	(Dinar)	20.7203	10.9951	7.0597	8.0859
Zaire Rep	(Zaire)	1300.00	689.8381	442.9301	507.3170
Zambia	(Kwacha)	72.90	38.6840	24.8381	28.4487
Zimbabwe	($)	4.7650	2.5285	1.6235	1.8595

Special Drawing Rights Sept. 21, 1990 United Kingdom £0.700152 United States $1.31769 Germany West D Mark 2.06020 Japan Yen178.481 European Currency Unit Rates Sept.24, 1990 United Kingdom £0.753177 United States $1.38675 Germany West D Mark 2.19037 Japan Yen190.539

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar; ♦ Kuwait; Dinar unavailable.
Some data supplied by Bank of America, Economics Department, LonMonday September 24 1990

TRADE INDEMNITY PLC 071-739 4311

EXPORT CREDIT CLEARING HOUSE. Finds 100% non-recourse export finance when you cannot.

PLACER DOME INC.

NOTICE IS HEREBY GIVEN that a regular quarterly dividend, being Dividend No. 14 of seven and one-half cents (7½¢) Canadian per Common Share, has been declared payable on December 17, 1990 to shareholders of record at the close of business on November 23, 1990.

Shareholders with addresses in the United States or Australia will be paid the equivalent amount in the currency of the respective country.

BY ORDER OF THE BOARD
John A. Eckersley
Secretary

September 19, 1990

URBAN DEVELOPMENT AND THE THATCHER ERA

The Financial Times proposes to publish this survey on:

TUESDAY 30th OCTOBER 1990

For full editorial synopsis and details of available advertisement postions, please contact

Brian Heron

Tel: 061-834 9381
Telex: 666831
Fax: 061-832 9248

FINANCIAL TIMES
Alexandra Buildings
Queen Street
Manchester M2

The Government of Zimbabwe

NOTICE OF TERMINATION OF OFFERS

relating to the following Stocks issued by

THE GOVERNMENT OF SOUTHERN RHODESIA

3½% Stock	1961/66
4½% Inscribed Stock	1958/68
3½% Stock	1967/69
2½% Stock	1965/70
3% Stock	1971/73
4% Stock	1972/74
6% Stock	1976/79
5% Stock	1975/80
6% Stock	1978/81
4½% Stock	1977/82
3½% Stock	1980/85
4½% Stock	1987/92

In September 1980, a formal Offer Document containing Offers made by the Government of Zimbabwe was despatched to holders of Government of Southern Rhodesia Stocks and those persons entitled to Initial Arrears of Interest.

The Government of Zimbabwe hereby gives Notice that the Offers dated 25 September 1980 are to be terminated on 25 March 1991, i.e. six months from the date hereof.

Any persons who are holders of Stock, non-assented to the Offers, or persons who were stockholders between the period 8 November 1965 and 21 April 1966 and believe that they may be entitled to Initial Arrears of Interest under the terms of the Offers, are requested to communicate with the appropriate Registrar, as shown below, quoting full particulars of the holding concerned.

B.T.G. CHIDZERO
Senior Minister of Finance,
Economic Planning and Development

Registrars:

for the 4½% Inscribed Stock 1958/68:
Barclays Bank plc
PO Box 542
Goodenough House
33 Old Broad Street
London EC2P 2E

for the other Stocks:
Bank of England
Registrar's Department
Zimbabwe Settlement Section
New Change
London EC4M 9AA

Issued on behalf of the Government of Zimbabwe by
Morgan Grenfell & Co. Limited
Member of The Securities Association
23 Great Winchester Street, London EC2P 2AX

COMPAGNIE BANCAIRE

Japanese Yen 3,000,000,000 Floating Rate Nikkei-Linked Redemption Notes due 1993

The interest rate for the six month period commencing 25th September 1990 has been fixed at 8.65% per annum. The Coupon will be Japanese Yen 428,945 on Notes of Japanese Yen 10,000,000. Interest Payment date 25th March 1991.

Mitsui Taiyo Kobe Trust International Limited (Agent Bank)

JEWEL II Limited
(incorporated with limited liability in the Cayman Islands)
US$100,000,000 SECURED FLOATING RATE NOTES DUE 1992
Interest Rate 8.55813% Interest Period September 25, 1990 to March 25, 1991. Interest Payable per US$100,000 Note US$4,302.84.
September 25, 1990
By Citibank, N.A. (CSSI Dept.) Agent Bank

ARCHITECTURE

The Financial Times proposes to publish this survey on:

31st October 1990

For a full editorial synopsis and advertisement details, please contact:

Jessica Perry on 071-873 4611

or write to her at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

This advertisement is issued by BWD Rensburg Ltd, a member of The Securities Association, in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for a purchase of shares.

Application has been made for grant of permission to deal in the Unlisted Securities Market on The Stock Exchange in the undermentioned securities. It is emphasised that no application has been made for these securities to be admitted to listing. Dealings are expected to start on 1 October 1990.

UNIT GROUP plc

Registered in England number 952285

INTRODUCTION BY

BWD RENSBURG LTD

of 5,366,348 ordinary shares of 20p each

Share Capital

Authorised	Issued and fully paid
£1,250,000	£1,073,270

The Company's principal activities are the manufacture and sale of timber pallets and the manufacture of specialist precision engineered components.

Particulars relating to Unit Group plc are available in the Extel Unlisted Securities Market Service.

Copies of particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 27 September 1990 from the Company Announcements Office and up to and including 9 October 1990 from:

BWD Rensburg Ltd
3 Park Court
Park Cross Street
Leeds
LS1 2QH

Unit Group plc
Bank Street
Golborne
Warrington
WA3 3RN

25 September 1990

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	270	Ass. Brit. Ind. Ordinary	270	0	10.3	3.8	7.3
38	19	Armitage and Rhodes	23	-1	-	-	-
210	115	Bardon Group (SE)	116	1	4.3	3.7	11.3
125	73	Bardon Group Cv Pref (SE)	73	-2	6.7	9.2	-
123	68	Bray Technologies	68	0	4.7	6.9	11.1
110	80	Bremhill Conv. Pref	80	0	11.0	13.8	-
318	285	CCL Group Ordinary	309	0	18.7	6.1	2.4
176	160	CCL Group 11% Conv.Pref	160	0	14.7	9.2	-
230	140	Carbo Plc (SE)	220	0	7.6	3.5	12.9
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	0.125	*Magnet Gp Non-Voting A Cnv	0.125	0	-	-	-
7.5	0.125	*Magnet Gp Non-Voting B Cnv	0.125	0	-	-	-
130	35	Isis Group	35	0	8.0	22.9	2.0
145	58	Jackson Group (SE)	97	0	4.3	4.4	8.7
345	230	Multihouse NV (AmstSE)	230	0	-	-	-
158	98	Robert Jenkins	135xd	-2	11.0	8.1	4.0
467	315	Scrutons	315	0	20.0	6.3	8.7
178	106	Unistrut Europe Conv Pref	170	0	10.7	6.3	-
395	223	Veterinary Drug Co. PLC	223xd	0	22.0	9.9	6.0
386	278	W.S Yeates	360	0	16.2	4.5	30.0

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of TSA
These securities are dealt in strictly on a matched bargain basis. Neither Independent Companies Exchange Limited nor Granville Davies Limited are market makers in these securities
* These securities are dealt on a restricted basis. Further details available

Independent Companies Exchange Limited
77 Mansell Street, London E1 8AF
Telephone 071-488 1212
Member of TSA

Granville Davies Limited
77 Mansell Street, London E1 8AF
Telephone 071-488 1212
Member of The ISE & TSA

INTERNATIONAL CAPITAL MARKETS

Surging oil price casts cloud over Treasuries

By Janet Bush in New York and Deborah Hargreaves in London

US Treasury bonds continued to slide yesterday morning as crude oil prices leapt above $38 a barrel after Iraq's threat to attack Middle Eastern oil facilities and Israel.

At midsession, short-dated maturities were quoted as much as ¼ point lower and the Treasury's benchmark long bond stood ⅝ point below Friday's close for a yield of 9.18 per cent.

Oil was the overriding negative influence on the market yesterday. On the New York Mercantile Exchange, November crude futures were quoted $2.84 a barrel higher at $38.30.

The only bright spot was at the very short end of the market where Treasury bills edged up on a flight to quality from the equity market which was sharply lower in the morning.

For the rest of the market, there was a plethora of worries apart from the inflationary implications of the surge in oil prices. The dollar remains weak and there was no statement from the Group of Seven meeting to stabilise the US currency which some traders had hoped for.

In addition, US budget negotiations continue with little progress. Mr Richard Gephardt, House of Representatives majority leader, said that there had been little progress on Sunday night. Tortuously slow efforts to come up with a deficit-cutting package come when Treasury borrowing needs are increasing, not least to fund the thrift crisis.

The Treasury bond market faces fresh supply this week with the sale of $11.5bn in two-year notes today and $8.5bn of four-year notes tomorrow.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	101-21	-01/32	12.53	12.53	12.53
		9.000	03/00	84-16	-04/32	11.76	11.81	11.89
		9.000	10/08	83-18	-03/32	11.13	11.18	11.39
US TREASURY *		8.750	08/00	98-07	-08/32	9.02	8.89	8.98
		8.750	08/20	95-24	-14/32	9.17	9.04	9.09
JAPAN	No 119	4.800	6/99	80.7142	-0.218	8.68	8.54	8.34
	No 130	6.700	06/00	91.8762	-0.298	8.20	8.16	7.98
GERMANY		8.500	08/00	96.1900	-0.480	9.10	9.04	8.99
FRANCE	BTAN	9.000	11/95	94.0859	-0.402	10.53	10.35	10.45
	OAT	8.500	03/00	87.1000	-0.700	10.71	10.49	10.39
CANADA *		10.500	07/00	95.0500	-1.300	11.35	10.82	10.98
NETHERLANDS		9.000	07/00	98.3500	-0.260	9.28	9.19	9.14
AUSTRALIA		13.000	07/00	96.2824	-0.624	13.69	13.52	13.71

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

■ACTIVITY was muted in the West German bond market yesterday as prices edged downwards again, but traders said the day was significant for highlighting a reversal in a run of cautious optimism that has characterised the market.

Sentiment turned increasingly bearish yesterday as traders realised that the trickle of buying from German investors has almost dried up.

German investors who, in the past, have rushed to buy government paper when it reaches a yield of 9 per cent are not showing any interest in bonds, where the average yield has crept up to 9.17 per cent.

The West German market has held up well by comparison with other leading bond markets recently, but yesterday's disillusion with the market could herald the start of a further decline.

Some traders believe that there will be more retail buying when yields reach 9.5 per cent.

The 8⅜ per cent 10-year issue was fixed in the cash market 41 pfennigs lower at 96.29 to offer a yield of 9.08 per cent after Friday's level of 96.70 with a price of 9.02 per cent.

The spread between the French and German markets has widened to reach 162 basis points after falling below 100 earlier this year.

The French market has suffered from the recent fall in bond prices as foreign investors have bailed out of the market.

■IN THE UK, gilt-edged securities had a volatile day on thin volume with retail participation at a minimum.

The market took small comfort from the favourable trade figures which helped to stabilise a drop in prices, but did not stop a drift lower later in the day.

The trade figures had a more positive effect on the foreign exchange market where the pound rose to 93.4 in the Bank of England's trade-weighted index, from 92.8 at the opening of the day.

A benchmark 11¾ per cent gilt issue maturing in 2003/07 closed at 99[illegible] down [illegible] to offer a yield of 11.76 per cent.

HK banks change interest rate policy

THE Hong Kong Association of Banks has agreed to end a system which allows small banks to offer higher time-deposit interest rates than larger financial institutions in the colony, Reuter reports from Hong Kong.

The HKAB had been asked by the government to stop the system whereby "category two" banks could offer up to half a percentage point more than the bigger banks in category one. The request arose because the General Agreement on Tariffs and Trade would soon be enlarged to include trade in services.

There are 33 banks in Hong Kong listed as category two institutions, including 13 members of Beijing's state-owned Bank of China group. Under the previous rules, they were permitted to offer rates up to half a percentage point higher than bigger banks on local currency time deposits of up to HK$500,000.

Bank deposit rates in Hong Kong are fixed by the HKAB at a weekly meeting, which banking industry sources said was to prevent excessive competition. "The [HKAB] committee agreed they should change their rules and would be consulting with the government."

FT/AISD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on September 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99⅝	99⅞	-⅛	9.12
ALBERTA PROVINCE 9 3/8 95	600	100¼	100⅝	-⅛	9.30
AUSTRIA 8 1/2 00	400	92⅝	93	-½	9.72
BANK OF TOKYO 8 3/8 96	100	94½	95	-⅛	9.68
BELGIUM 9 1/8 92	400	100⅝	101	-⅛	8.76
BFCE 7 3/4 97	150	91⅛	92⅛	-⅛	9.50
BNP 8 5/8 94	300	98¼	98⅝	-¼	9.17
BP CAPITAL 9 5/8 93	150	101	102		9.06
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	91⅛	92⅛		9.94
KREDIETCORP 7 93 LFr	1000	92¾	93⅛	-⅛	10.01
WORLD BANK 8 96 LFr	1000	92½	93½		9.79
AMRO BANK 6 1/4 92 Fl	150	94⅝	95⅛	+⅛	9.47
RABOBANK 5 3/4 93 Fl	150	92	92⅝	-⅛	9.55
ALBERTA PROVINCE 10 92 C$	500	97½	97⅞	-⅛	11.56
BCE INC 9 5/8 93 C$	300	94⅛	95¼	-⅛	12.03
BELL CANADA 10 5/8 99 C$	150	92	92½	-⅛	12.14
[illegible]					

DEUTSCHE MARK STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

CONVERTIBLE BONDS [illegible]

STRAIGHT BONDS: [illegible] ... in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

© The Financial Times Ltd., 1990. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by Association of International Bond Dealers.

INTERNATIONAL CAPITAL MARKETS

Barclays Bank plans novel preferred stock structure

By Tracy Corrigan

BARCLAYS BANK is understood to be planning to raise equity-type capital using a novel financing structure which other banks could imitate. It will be the latest in a recent rush of bank financings designed to bolster capital to comply with regulatory guidelines.

Barclays is believed to have developed a new structure for preferred shares which will allow a fresh investor base to be tapped – the Far East.

Preferred shares are fixed-dividend shares which have a prior asset claim over common stock. Like common stock, they rank as Tier 1 capital under the guidelines set by the Bank for International Settlements.

In the past, preferred shares have been priced against the US municipal bond market and sold to US retail investors. Barclays plans to issue preferred shares which will pay a spread over the London inter-bank offered rate.

Barclays de Zoete Wedd is expected to be lead underwriter of the transaction, which will be launched in Tokyo.

Mr Brian Worsley, Barclay's assistant treasurer, declined to comment on any deal, except to say that Barclays, with other banks, is looking at various means of raising capital.

However, investment bankers have got wind of the deal, which is believed to have been given a green light from the Bank of England.

Barclays is said to be planning to issue the paper through a subsidiary, a structure which has not previously been allowed for Tier 1 capital. Barclays appears to be waiting for BIS approval to launch the deal.

The Barclays deal is believed to target Japanese leasing companies, which have an appetite for high-yielding debt. Bankers estimate that Barclays will have to pay interest of about 150 basis points above Libor, to attract such investors.

The bank has a history of innovative capital-raising, having brought the first step-up coupon perpetual financing in Tokyo.

However, the bank is said to have shunned the variable-rate structure used by other banks.

As banks struggle to meet capital adequacy guidelines, there has been a resurgence in the issuance of subordinated variable rate notes this summer, culminating in the first such financing in Ecu by the Spanish bank Banesto last week. Such debt ranks as Upper Tier 2 capital if perpetual, or lower Tier 2 if dated.

Meanwhile, a flood of $4bn of dated subordinated debt has been launched so far this month by Japanese banks, with more expected to follow. Japanese banks urgently need to bolster capital eroded by recent equity market declines. Such debt ranks as Lower Tier 2 capital under the BIS guidelines.

But the category of capital which banks have found most problematic has been Tier 1 capital, which for fund-raising purposes comprises just common equity and preferred stock.

With stock markets currently in a weak state, it would be difficult and expensive for banks to issue fresh equity. So the Barclays structure, if accepted by the BIS, could provide a welcome opportunity to raise such capital. However, bankers warn that demand for such paper will be finite.

"Every bank would do this if it could. But there may not be room for more than a couple of billion dollars," one investment banker observed.

So although the new structure may hearten banks seeking capital, it will not tackle the scale of the problem. According to an estimate by Salomon Brothers, the 35 members of Salomon's bank stock index need to raise $9.6bn of Tier 1 capital by 1992, to achieve a 5 per cent tangible equity-to-asset ratio.

NZ futures and options exchange in shake-up

THE New Zealand Futures and Options Exchange, which plunged into crisis late last year following a member default, has agreed plans to revamp its membership and let a private body run its services, Reuter reports.

The changes would allow non-members to trade. Policing would be left to an independent body in which current exchange members could each have a stake.

Mr Gavin Kennedy, exchange president, said: "The principal decision was that the board of the exchange investigate further the concept of private ownership of the services function of the exchange."

Members approved the change at the exchange's annual conference over the weekend. However, they set no deadline for the changes to be made.

Under the plan, the present trading and affiliate membership tiers would be replaced by a trading permit which would cost about NZ$20,000 (US$12,300) a year. Principal traders, or those trading on their own account, would have to be clearing members, subject to supervision.

Exchange brokers, who would trade with the public, would be subject to supervision concerning client money regulations, capital adequacy and reporting requirements.

The exchange has 16 trading, or full, members, and its market capitalisation has been independently assessed at about NZ$4m, or NZ$250,000 per member.

The exchange was shaken last November when a member, Jordan Sandman Futures, part of the JB Were Australian broking group, defaulted, forcing the New Zealand central bank to intervene.

● Trading in share options will start on October 5, the exchange said yesterday. No transaction fees will be charged until Christmas. The exchange and International Commodities Clearing House agreed to waive fees initially to help stimulate liquidity.

From October 5 options in Brierley Investments, Robt Jones Investments, Fletcher Challenge and Carter Holt Harvey will be listed.

Japanese derivatives to be launched

By Deborah Hargreaves

AMID continued weakness in the Japanese stock market, US derivatives exchanges are preparing to launch a rush of futures and options products based on Japanese stock indices this week.

The products will give US investors and speculators the chance to take a view on the Japanese market without trading in Tokyo. Japanese regulators are concerned at the establishment of derivative instruments beyond their control.

Japanese regulators are understood to have expressed doubts about the contracts in letters to the US exchanges. In addition, the Tokyo Stock Exchange is refusing to enter into an information-sharing agreement with the American Stock Exchange in New York, which plans to launch an option on its Japanese index today.

It is unusual for the US Securities and Exchange Commission to give approval for stock index products which do not include information-sharing pacts with exchanges which trade the cash market. However, the Amex was confidently awaiting SEC approval yesterday.

Chicago's two big futures and options exchanges concluded information-sharing agreements with the Japanese exchanges at least two years ago, which leaves the Japanese authorities little leverage beyond expressing their concern over the new products.

The Chicago Mercantile Exchange will launch a futures and options contract on the Nikkei 225 today, while its rival, the Chicago Board of Trade, will begin trading on its Tokyo Stock Exchange index (Topix) futures and options on Thursday.

The CME was planning to wait until its Globex automated trading system got off the ground to list its Japanese products but has been pushed into an earlier start by the CBOT's decision to launch this week. The CBOT had been awaiting approval to trade an option on the Topix, which it is expecting today.

In a unique twist, the CBOT's contracts are denominated in yen, which adds currency risk for traders. The other exchanges' contracts are in dollars. The Japan index to be traded at the Amex contains 210 of the most liquid Japanese stocks and its performance usually closely matches that of the Nikkei.

In addition to its new option, the Amex has announced an agreement with the Economic Development Corporation of Honolulu to establish a securities trading facility in Hawaii. The move is a bid to grab more business from Japan and the Pacific Rim countries.

The London International Financial Futures Exchange will today announce changes in its Japanese bond futures contract aimed at increasing volume in the product.

National Australia Bank in A$60m deal

By Simon London

A PUBLIC holiday in Japan further restricted bond issuance but borrowers continued to take advantage of opportunities in the Australian dollar sector.

The high rate of recent redemptions in the sector has left a pool of retail buyers looking to re-invest Australian dollar funds. Tapping this demand yesterday, National Australia Bank launched a A$60m issue through Dresdner Bank. Targeted at retail investors in Germany and Benelux countries, the four-year issue carried a coupon of 14 per cent.

Syndicate members reported a slow start to retail placement but remained confident of the underlying depth of demand. The issue was trading less 1¾ bid, on full fees.

Peninsular & Oriental Steam Navigation Company, the UK shipping, property and construction group, launched a A$100m deal through Samuel Montagu. The five-year bonds were priced at 102 and carry a coupon of 14.8 per cent.

The issue was largely pre-placed with a group mainly consisting of banks which are asset-swapping the paper. Trading volume is likely to be thin. However, the lead manager reported additional demand from retail investors in Europe.

For P&O the issue represents a move to diversify funding sources. The company will not be swapping the proceeds of the issue and is using the funds to meet working capital requirements at its Australian subsidiary. Last year the company was the first non-Japanese borrower to issue convertible bonds in Tokyo, following deregulation of the market by the Japanese authorities.

Elsewhere, Bradford & Bingley Building Society launched a £150m floating-rate note issue, with Credit Suisse First Boston as lead manager. The seven-year bonds offer a spread of 8 basis points over the three-month London interbank offered rate, in line with other issues by Bradford & Bingley. The paper was taken up mainly by UK institutional investors. The lead manager reported the deal trading at the fixed re-offer price of 99.80, well inside full fees of 24 basis points. Crédit Local continued an active period, following two fungible Ecu offerings last week, with a $100m floating-rate note issue through Crédit Lyonnais. The paper was largely pre-placed and trading at issue price of par.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Credit Local de France†♦(e)	100	(e)	100	1997	10bp	Credit Lyonnais Euro-Sec
AUSTRALIAN DOLLARS						
Peninsular & Oriental♦(a)	100	14.8	102	1995	2/1¼	Samuel Montagu & Co Ltd
National Australia Bk.♦	60	14	101¾	1994	1¾/1⅛	Dresdner Bank AG
STERLING						
Brad. & Bingley B.Soc.†♦(b)	150	(c)	100(d)	1997	24bp	CSFB

♦Final terms. †Floating rate note. a)Non-callable. b)Callable at par from Oct.1995, then at coupon date. c)3-month Libor + 8bp. d)Fixed reoffer at 99.80. e)6-month Libor less 6.25bp.

Zurich suspends trading in Polly Peck

By William Dullforce in Geneva

TRADING IN six Polly Peck International bond issues with a nominal value of SFr600m ($460m), as well as in the shares of the UK fruit trading and electronics group, were suspended by the Zurich Stock Exchange last Friday.

S.G. Warburg Soditic, the Geneva-based investment bank which was lead manager for the six bond issues protested yesterday that there was no justification for their suspension.

Mr Marc de Frisching, executive vice-president of the bank, said that it had been reasonable to stop trading in the Polly Peck shares because rumours and newspaper reports could have created a false market.

But the reports had spoken of an investigation into Mr Asil Nadir, Polly Peck's chairman, not into the affairs of the company, so that a halt to trading in the bonds was not called for, he said.

Warburg Soditic had handled only bonds for Polly Peck and had had nothing to do with matters related to trading in Polly Peck shares, Mr de Frisching said. Mr Jürg Gilg, deputy director of the Zurich Stock Exchange, said it was an exchange rule to suspend a stock, when trading in it had been stopped on its "home" bourse.

The decision to halt bond deals had been taken after a bid of 70 had been made in pre-bourse trading for a Polly Peck 8¾ coupon issue which had been on offer at 90 the day before.

The Polly Peck fixed-interest bonds on which Zurich has suspended trading are: SFr75m 6 per cent due 1992: SFr50m 6¼ per cent due November 1990: SFr100m 5¾ per cent due April 1993: SFr125m 5⅝ per cent due September 1994: SFr100m 6¼ per cent due March 1996: SFr150m 8¾ due March 1997.

Guatemala $43m behind in World Bank repayments

GUATEMALA has arrears of $43.3m in repayments to the World Bank on an outstanding debt of $204.6m, writes Richard Johns from Guatemala City.

It is understood that the World Bank stopped disbursements of committed loans on March 20 after the Central American Republic stopped servicing its liabilities to the bank at the end of last year.

On September 7 disposable assets of $22.1m compared with short-term liabilities of $35.4m. Guatemala's total external debt is between $2.6bn and $2.7bn.

Relief should be forthcoming from a $50m cash grant from the US to support the economy and balance of payments, nearly half the $121m aid earmarked for Guatemala by Washington during the 1990-91 fiscal year.

The crisis should be alleviated by $50m from the Inter-American Development Bank and $20m from private institutions, according to a statement made by Mr Lizardo Sosa Lopez, president of Bank of Guatemala.

From August 1989 to the end of July 1990 Guatemala earned $375m from exports of coffee, its main source of foreign exchange, compared with $359m in the year-ago period.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Monday September 24 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Sep 21 Index No.	Thu Sep 20 Index No.	Wed Sep 19 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (195)	658.43	-1.6	17.03	7.10	7.20	29.40	669.07	662.65	687.45	986.14
2 Building Materials (26)	820.29	-0.7	18.40	7.39	6.70	34.59	826.41	812.99	844.48	1192.03
3 Contracting, Construction (36)	993.11	-2.7	22.30	8.03	5.86	50.99	1020.20	1004.29	1045.23	1594.98
4 Electricals (10)	1805.83	-1.2	15.57	7.39	7.85	73.06	1828.08	1831.99	1891.33	2895.67
5 Electronics (27)	1486.79	-1.7	11.04	5.41	12.32	56.74	1513.08	1522.48	1534.80	2169.39
6 Engineering-Aerospace (8)	399.79	-2.4	16.83	6.02	7.14	15.17	409.54	402.60	414.30	0.00
7 Engineering-General (46)	363.21	-1.3	16.59	7.15	7.25	15.76	368.14	364.97	385.96	0.00
8 Metals and Metal Forming (6)	384.09	-1.6	30.05	8.76	4.05	17.02	390.23	387.81	403.40	514.05
9 Motors (13)	260.41	-1.3	20.61	9.07	5.65	14.26	263.91	265.36	281.67	377.65
10 *Other Industrial Materials (23)*	1108.40	-1.7	15.53	7.37	7.44	56.53	1127.90	1105.20	1159.10	1797.52
21 CONSUMER GROUP (178)	1121.42	-1.4	11.07	4.61	11.17	29.31	1137.12	1136.59	1162.77	1360.29
22 Brewers and Distillers (22)	1370.10	-1.3	11.43	4.31	10.60	33.47	1388.47	1389.74	1419.05	1498.27
25 Food Manufacturing (20)	959.38	-1.8	12.17	5.09	10.14	24.61	977.00	978.78	997.26	1187.84
26 Food Retailing (16)	2245.36	-0.7	10.57	3.72	12.04	50.82	2260.34	2262.88	2398.63	2637.24
27 Health and Household (16)	2293.95	-2.1	7.75	3.24	15.32	47.38	2342.54	2303.21	2324.15	2585.37
29 Leisure (32)	1117.43	—	13.39	5.59	9.03	36.79	1117.99	1120.33	1161.86	1798.37
31 *Packaging & Paper (12)*	477.24	-1.1	13.49	7.29	9.11	22.54	482.48	481.79	489.44	608.05
32 Publishing & Printing (16)	2878.17	-1.3	12.64	6.52	9.92	118.55	2915.27	2960.70	3026.84	3830.46
34 Stores (33)	718.44	-1.4	12.39	5.27	10.48	18.26	728.45	736.54	747.62	864.84
35 Textiles (11)	388.59	-1.4	15.51	9.28	8.16	19.76	394.15	398.15	405.47	577.98
40 OTHER GROUPS (107)	932.53	-2.0	13.66	6.40	8.86	31.51	951.33	949.24	970.51	1210.07
41 Agencies (16)	1051.28	-3.6	10.20	3.78	11.90	22.00	1090.10	1077.93	1138.74	1564.79
42 Chemicals (24)	940.57	-2.4	14.17	7.08	8.33	46.23	964.04	957.43	977.81	1324.76
43 Conglomerates (15)	1236.56	-1.6	13.64	8.09	8.81	35.71	1256.03	1239.16	1282.74	1706.76
44 Transport (13)	1780.92	-2.1	13.63	5.93	9.30	65.20	1819.28	1818.67	1867.24	2424.23
46 Telephone Networks(2)	1033.97	-2.1	12.94	5.45	10.05	26.09	1056.09	1063.82	1078.07	1195.04
47 Water(10)	1922.37	-1.2	16.04	7.05	7.01	68.12	1946.34	1961.78	1989.45	0.00
48 Miscellaneous (27)	1445.37	-1.5	14.55	6.27	7.89	61.39	1467.09	1463.87	1479.72	1946.10
49 INDUSTRIAL GROUP (480)	950.55	-1.6	13.18	5.71	9.29	30.96	966.10	963.18	988.22	1238.18
51 *Oil & Gas (20)*	2432.70	-1.1	10.26	5.14	12.75	84.75	2459.67	2447.33	2458.66	2216.14
59 500 SHARE INDEX (500)	1070.29	-1.5	12.68	5.61	9.75	35.28	1086.83	1083.18	1107.39	1321.30
61 FINANCIAL GROUP (107)	621.68	-1.9	–	7.64	–	31.27	633.97	639.57	664.93	811.34
62 Banks (9)	650.43	-0.8	25.13	8.83	5.21	41.50	655.98	663.00	704.16	834.25
65 Insurance (Life) (7)	1233.20	-3.4	–	6.22	–	54.97	1276.01	1280.95	1298.50	1207.60
66 Insurance (Composite) (6)	526.46	-3.0	–	8.06	–	27.35	542.90	552.72	566.94	656.81
67 Insurance (Brokers) (8)	757.70	-1.9	11.82	8.51	11.06	40.46	772.61	778.98	788.72	983.14
68 Merchant Banks (7)	319.38	-2.2	–	6.36	–	12.31	326.72	337.42	344.03	402.94
69 Property (47)	834.72	-2.2	9.11	5.88	14.56	24.52	853.90	845.75	881.88	1342.96
70 Other Financial (23)	234.78	-1.1	11.56	7.48	11.37	10.30	237.42	243.00	246.53	367.68
71 Investment Trusts (66)	974.15	-1.5	–	4.05	–	24.36	988.98	1001.20	1020.96	1268.95
91 Overseas Traders (5)	1079.53	-2.9	13.34	8.54	8.92	59.65	1112.32	1104.22	1195.05	1457.45
99 ALL-SHARE INDEX (678)	962.09	-1.6	–	5.86	–	33.89	977.59	976.33	1000.73	1197.67

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Year ago
FT-SE 100 SHARE INDEX‡	1990.3	-35.2	2018.4	1986.5	2025.5	2016.9	2065.8	2064.0	2094.3	2359.6

FIXED INTEREST

PRICE INDICES	Mon Sep 24	Day's change %	Fri Sep 21	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	116.18	......	116.18	–	9.48
2 5-15 years	120.66	-0.13	120.83	–	9.95
3 Over 15 years	121.21	-0.35	121.64	–	9.84
4 Irredeemables	139.55	......	139.55	–	8.85
5 All stocks	121.04	-0.10	121.16	–	9.88
Index-Linked					
6 Up to 5 years	151.78	......	151.78	–	2.46
7 Over 5 years	137.99	-0.09	138.12	–	3.12
8 All stocks	138.92	-0.08	139.03	–	3.06
9 Debentures & Loans	99.17	+0.02	99.46	0.31	8.93
10 Preference	72.20	-0.90	73.51	0.64	5.23

AVERAGE GROSS REDEMPTION YIELDS		Mon Sep 24	Fri Sep 21	Year ago (approx.)
British Government				
1 Low	5 years	11.03	10.99	9.82
2 Coupons	15 years	11.03	10.99	9.38
3	25 years	11.03	10.99	9.27
4 Medium	5 years	12.07	12.05	10.73
5 Coupons	15 years	11.53	11.49	9.78
6	25 years	11.25	11.21	9.40
7 High	5 years	12.15	12.14	10.84
8 Coupons	15 years	11.79	11.75	9.97
9	25 years	11.55	11.50	9.55
10 Irredeemables	†	11.15	11.14	9.31
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.63	4.61	3.18
12 Inflation rate 5%	Over 5 yrs.	4.33	4.32	3.55
13 Inflation rate 10%	Up to 5 yrs.	3.41	3.38	2.34
14 Inflation rate 10%	Over 5 yrs.	4.14	4.13	3.37
15 Debs &	5 years	14.24	14.00	12.96
16 Loans	15 years	13.05	13.07	12.03
17	25 years	12.73	12.73	11.51
18 Preference	†	13.08	12.94	10.40

‡Opening index 2011.3; 9 am 2003.2; 10 am 2008.0; 11 am 2009.2; Noon 2017.1; 1 pm 2015.0; 2 pm 2012.9; 3 pm 2002.9; 4 pm 1988.0; 4.10 pm 1988.2; (a) 11.37am (b) 3.56pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	57	33
Corporations, Dominion and Foreign Bonds	0	5	17
Industrials	194	635	732
Financial and Properties	84	348	309
Oils	30	20	40
Plantations	0	3	7
Mines	23	51	83
Others	43	78	115
Totals	377	1,197	1,336

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	131	100	ABI Leisure 10p	100	-1	R4.7	3.3	6.3	6.5
–	F.P.	–	7½	4	Bennett & Fountain Wts.	6½		–	–	–	–
–	F.P.	–	49	33	Exp Co of Louisiana Wts	35		–	–	–	–
2	F.P.	–	4	3	Finlan Group 1p	3½		–	–	–	–
–	F.P.	–	14	6	Fisher (Albert) Warrants	7		–	–	–	–
‡	F.P.	–	75	43	Golden Vale Ir1p	44		s0158%	5.1	3.4	8.0
–	F.P.	–	24	22	*JF Fledgeling Jap. Wts.Ic*	24		–	–	–	–
100	F.P.	–	98	77	Jupiter Euro Inv Trust	77	-1	–	–	–	–
–	F.P.	–	38	23	Do. Warrants	23	-2	–	–	–	–
$108	F.P.	–	116	102	♦Levercrest 5p	102		R4.06	2.4	5.3	8.2
–	F.P.	–	44	14	Lucas Inds. Warrants	16		–	–	–	–
–	F.P.	–	22	20	♦MMI 1p	22	+½	t1.0	2.4	6.1	8.5
–	F.P.	–	7	4	♦Oliver Res Warrants	4		–	–	–	–
‡	F.P.	–	17	12	♦Paramount 2½p	12		–	–	–	–
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

... dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings Sept. 17
● Last Dealings Sept. 28
● Last Declarations Dec. 27
● For settlement Jan. 7

For rate indications see end of London Share Service

Calls in ACM Gold, Aviva Pet., Astra Hldgs., Tuskar Res., Babcock Intl., Berisford Intl., Cookson, Regal Hotel and Southend Prop. Put in Securiguard.

LONDON TRADED OPTIONS

THE derivative markets saw brisk short-term trading yesterday as dealers sought to cash in on the high level of volatility on the underlying equity market.

Dealers in the London Traded Options Market (LTOM) were buying FT-SE options in the morning and selling them in the afternoon.

The London International Financial Futures Exchange also saw lively trading in FT-SE Future contracts with a 7,891 turnover in the September contract, which opened at a small premium but fell to a discount in expectation of a weak opening on Wall Street.

It reached a 14-point discount to the cash market, as market makers hurriedly cut back their prices to deter sellers, but rallied to close at a 10-point discount to estimated fair value. The December issue was also busy with 4,212 lots traded.

UBS Phillips & Drew in an analysis published today argues that the FT-SE futures offer especially good value to investors prepared to take an optimistic stance.

The Equity Futures Monitor report claims that the equity market is being supported by good yields on stocks and that the time is right to buy. It goes on to argue that as the September future is trading at a discount to estimated fair value it is relatively cheap.

Business started quietly in the LTOM but picked up after 11.30am with the announcement of encouraging UK balance of payments figures.

Total turnover fell from 46,000 on Friday to 39,169 with the dealing in FT-SE options dominating the day on a volume of 12,591 (3,420 calls and 9,171 puts) in anticipation of the expiry of the September option on Friday.

Most of the business was conducted on behalf of private clients with index options seen as justifying their high price as investors profited from the falling market.

Rolls-Royce was the busiest stock option with 2,867 lots traded – principally as a result of intra-market business.

Trusthouse Forte was active again, ahead of the company's results out on Thursday, with 2,598 contracts exchanged.

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*428)	390	43	58	–	2½	9	–
	420	18	36	52	8	21	23
	460	5	18	31	34	43	43
ASDA (*110)	100	13	18	–	2½	5	–
	110	5½	12	15	5	8½	10
	120	2	8	11	12	15	16
Utd. Biscuits (*315)	300	18	33	38	6	12	17
	330	3½	15	21	25	28	31
	360	1½	5	11	53	54	57
Unilever (*589)	600	17	41	55	24	35	45
	650	4½	22	35	65	66	75
	700	2½	12	22	115	115	115
[illegible]							

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*199)	180	24	–	–	3	–	–
	200	14	19	22	10	14	15
Amstrad (*51)	50	7	10½	13	4	6	8
	60	3	5	7½	11	12½	14
Barclays (*298)	280	33	47	47	11	14	16
	300	22	36	37	17	25	25
[illegible]							

UK COMPANY NEWS

Coats Viyella picks new chief in strategy switch

By Alice Rawsthorn

COATS VIYELLA, one of Europe's largest textile groups, yesterday signalled a significant change in strategy by appointing Mr Neville Bain from Cadbury Schweppes, the confectionery company, as group chief executive.

Mr Bain, 50, who is deputy chief executive and finance director of Cadbury, will in effect fill the roles previously carried out by Sir David Alliance, chairman, and Mr James McAdam, deputy chairman.

Sir David, 58, created the Coats textile empire in a number of audacious deals in the 1970s and 1980s. He will relinquish the position of chief executive to concentrate on long-term strategy, industry issues and public affairs. Mr McAdam, 59, will cease to be Coats' chief operating officer but will continue as deputy chairman.

After his appointment Mr Bain will take full executive responsibility for all Coats' operations. The other executive directors will report directly to him. In the past they reported to Sir David on some issues and to Mr McAdam on others.

Neville Bain: 'sounds like the answer to Coats' problems'

Mr Bain, a New Zealander, has worked in a wide range of posts in finance and general management in his 26 years with Cadbury Schweppes. He will be succeeded as finance director by Mr David Jinks, his deputy.

Coats Viyella, which has recently been embroiled in an on-off bid for the Tootal textile group, employs 60,000 people and manufactures in 35 countries. It is suffering in the recession that has hit the UK textile industry and recently reported a slight fall in pre-tax profits to £55m on turnover of £913m for the first half of the year.

The appointment of Mr Bain, who is highly regarded for his role in the restructuring of Cadbury, was welcomed by the City. "He certainly sounds like the answer to Coats' problems," said Ms Julia Blake, textile analyst at Barclays de Zoete Wedd Securities.

The City has been critical of Coats' management for some time. Sir David is seen as a brilliant deal maker who never really got to grips with the day-to-day business of running a huge group like Coats.

However, analysts were concerned that Mr Bain may find it difficult to assert himself against Sir David, a powerful figure renowned for his authoritarian management style.

Mr Bain said he was confident he had "all the necessary authority" to fulfil his new role, and Sir David said he was looking forward to "contributing more as chairman".

Far East disposals planned at Lloyds

By David Barchard

LLOYDS BANK, the smallest of the big four UK clearing banks, is planning to sell most of its operations in four Far Eastern countries. This is the latest move in a series of withdrawals from markets outside the UK designed to strengthen the bank's balance sheet.

The operations up for sale are in Taiwan, Hong Kong, Singapore, and South Korea. Lloyds is to sell branches handling trade finance and other corporate activities, though they are a relatively small part of its remaining international activities.

Yesterday the bank declined to comment on reports that its operations in the four countries were up for sale.

There was no immediate indication of who likely buyers might be, though the operations could be attractive to a number of purchasers, including European and Japanese banks.

Lloyds is not considering a sale of its lucrative private banking operations in Hong Kong.

Lloyds has pulled out of the North American market in the last two years, and, in June this year, sold its 12-branch subsidiary in Portugal, the oldest foreign bank in the country, to Banco Bilbao Vizcaya of Spain.

Lloyds' determination to abandon most of its traditional markets overseas has puzzled its competitors and led to claims that it is slimming itself down for a takeover or merger with a larger European bank later in the decade.

MAI up 19% and looks for expansion

By Jane Fuller

MAI, the financial services and market research company, increased pre-tax profit by 19 per cent from £55.2m to £65.6m in the year to June 30.

Turnover rose 10 per cent ahead at £376.7m (£342.9m). The figures were affected by the October merger of the media division with part of the French company Havas to create Avenir Havas Media, accounted for as an associate in which it now has a 20 per cent stake.

Mr Clive Hollick, managing director, said the Avenir deals had generated £110m and the group now had cash resources of £150m. This would enable it to pursue expansion plans, such as building up the market research business internationally.

While interest charges had nearly trebled to £3.5m (£1.2m), the group would be a receiver of interest this year.

About 57 per cent of operating profit came from money and securities broking. The contribution increased to £37.4m (£32.2m) on turnover of £231m (£199.1m). Mr Hollick said the best performances came from foreign exchange and US government bonds.

Corporate bond broking had had a tough time and one of the businesses had been closed to concentrate effort on MKI. This market remained dull.

In retail financial services, operating profit grew to £9.5m (£7.1m) on sales of £69.3m (£55.9m). Wagon, the instalment credit house specialising in car loans, performed well in spite of tough conditions caused by high interest rates. Mr Hollick said it had been tightly run and had focused on good quality business. Nevertheless, it was feeling the effects of the squeeze through an increase in bad debts.

The 205 shops in the Keywest retail insurance chain had been renamed Safeguard. A substantial increase in profit had been achieved.

The information division saw a much bigger increase in sales, to £49.3m (£14.2m), than in profit, which doubled to £4.8m (£2.3m). NOP and MIL, the market research companies acquired last year were still being integrated, said Mr Hollick. "We are beginning to see a margin improvement."

Media, the division involved in the Avenir merger, increased profit to £17.4m (£14.7m).

Mr Hollick sounded a warning note about the effect on group profit of sterling's strength against the dollar. "On today's exchange rate, our profit for the past year would have been £4m lower."

The geographic division of group profit was: UK 40 per cent; US 34 per cent; continental Europe 23 per cent; Pacific 4 per cent.

Earnings per share rose to 12p (10.3p).

A final dividend of 3.6p makes a total of 5p (4.5p).

See Lex

Polypipe bucks trend with 20% improvement

By Richard Gourlay

POLYPIPE, the plastic pipes, profiles and fittings manufacturer, yesterday brushed aside the pervasive market gloom to announce a 20 per cent increase in full year pre-tax profits to £13.43m.

Sales grew 12 per cent to £70.88m and a final dividend of 2.4p (2.08p) is recommended, bringing the total to 3.5p (3p). Earnings per share rose 12 per cent to 13.25p and the shares closed unchanged at 112p.

Polypipe's relatively low reliance on the new building market left the company well protected from the sharp downturn in the construction industry, the company said. Only 12 per cent of turnover was derived from new building, said Mr Kevin McDonald, chairman, while sales for refurbishment purposes remained resilient.

Much of this was connected with planned local authority repainting programmes, including the replacement of drain-pipes and gutters.

Polypipe ended the year with no gearing and £2m of cash. This was after £4m of capital expenditure to improve margins, and £4m spent on land in Scotland and a new factory in Doncaster where the company is consolidating much of its manufacturing base.

During the year Polypipe added Derwent MacDee, the manufacturer of plastic lavatories and flushing cisterns which is also now based in Doncaster, financing the purchase with a share placing.

Mr McDonald said the rationalisation and centralisation of operations had led to increased margins and lay behind Polypipe's success. Also the addition of new materials-handling equipment had led to lower wastage levels.

● COMMENT

If the economy moves into full-blown recession, even Polypipe will be unable to continue pushing its earnings, sales and margins ahead with such aplomb. Until that day, its formula of maintaining a low cost base and low prices, and its continuing cash investments in cost-saving machinery for the companies it acquires makes Polypipe look a sound defensive play in gloomy times. While the market it serves is unlikely to show the 30 and 20 and 30 per cent growth it enjoyed in 1988 and 1989, Polypipe can probably look forward to an increased share of that market. It also enters what the chairman recognises will be a tough year with no gearing and a modest war-chest with which to relaunch itself on an acquisition trail. A prospective multiple of less than 8, assuming pre-tax profits up a conservative 9 per cent at £14.6m, adds reason for support of the share price in the current market.

Cadbury plans joint venture in Germany

By Philip Rawstorne

CADBURY Schweppes, the UK confectionery and soft drinks group, is discussing the possible formation of a joint venture company in West Germany and Austria with Apollinaris Brunnen, the mineral water interests of Dortmund-based Brau und Brunnen.

The proposed company would be responsible for the existing Cadbury Schweppes and Apollinaris drinks businesses in those countries, but each of the partners would retain ownership of the brands involved.

Apollinaris, which already distributes some Cadbury Schweppes products in central Germany, has four bottling plants and about 700 employees.

Total sales of its seven mineral water brands, led by the premium-priced Apollinaris, West Germany's second largest brand by volume, last year totalled 300m litres.

Cadbury Schweppes, with a strong presence in West Germany's tonics and bitters market, has two bottling plants and some 200 employees. Last year, sales in West Germany and Austria totalled 60m litres.

Discussions of the joint venture proposals are expected to continue for several months, but Cadbury Schweppes said yesterday that they appeared to offer opportunities for developing production, distribution and sales in West Germany, Europe's biggest soft drinks market.

Kitchen side leaves Cornwell Parker lower

By Richard Gourlay

Cornwell Parker, a specialist furniture and fabrics company, announced a 5 per cent fall, from £9.2m to £8.7m, in pre-tax profits for the year to July 31 as the company continued to incur losses on its kitchen business.

Turnover rose 13 per cent to £92m (£81.45m). An increased final dividend of 3.9p is proposed for a total payment of 5.5p (5.2p). Earnings per share were 15.1p (16.2p).

Operating profit from furniture rose to £4.6m (£4.1m) but fabrics slipped to £4.8m (£5.2m) as the interest charge associated with increased stock levels rose sharply.

Group interest charges increased nearly five fold to £738,000 partly because of the cost of financing the losses on the kitchen division.

36p interim from Cambridge Water

Cambridge Water has declared an interim dividend of 36p and a second payment of a similar amount will be made by March 31. Recommendation of a final will be made in July.

The company is changing its financial year-end, and the current period will cover the 15 months to March 31 1991.

For the six months ended June 30 1990, turnover came to £5.06m and pre-tax profit to £823,000.

Spurs pick new advisers

TOTTENHAM HOTSPUR, the London football club where secret negotiations with Mr Robert Maxwell fuelled a boardroom rift and triggered the resignation of its financial advisers, has filled two of the gaps created in its team, writes Jane Fuller.

It announced yesterday that two Brown Shipley subsidiaries had been appointed to be financial adviser and stockbroker, replacing BZW.

It was understood the appointment would enable talks to continue with Mr Maxwell, the publisher, about a possible £13m rights issue which would enable him to gain a 25 per cent stake.

Another possible deal exciting comment yesterday was a £6m to £8m injection of cash by a City institution.

Spurs is also looking for a chairman after sacking Mr Paul Bobroff when the rift widened between him and Mr Irving Scholar, another director, over the Maxwell negotiations. Mr Scholar had been involved in the talks without informing the board or its advisers. The Stock Exchange is still looking into the secret deal.

Tottenham did not comment further yesterday.

Cypriot court seizes £18m on behalf of Goodman offshoot

ABP HOLDINGS, a subsidiary of the troubled Goodman International group, has been granted an interim order by a Cyprus court freezing I£20m (£18.35m) held in the account of a Cyprus import/export company.

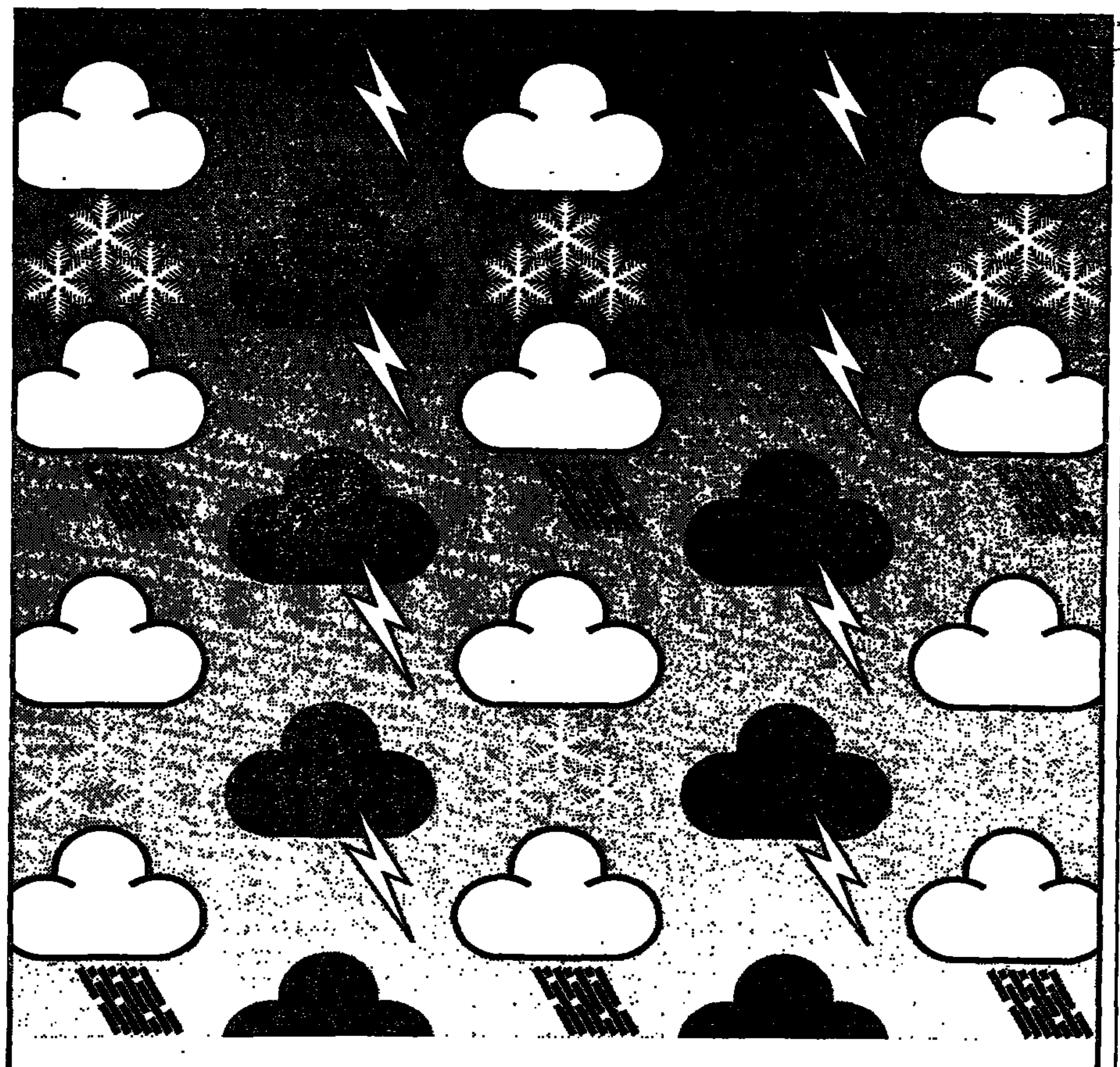
ABP Holdings claims the money, lodged at the Bank of Cyprus in Paphos, is its property. Mr Larry Goodman, head of Goodman International, said it is part of a loan raised from Barclays Bank, Dublin, earlier this year. The Cypriot company is contesting the claim.

Pressure on margins leaves Norish down sharply at I£325,000

Norish, a food storage and distribution group based in Ireland, reported taxable profits down from I£826,000 to I£325,000 (£297,000) for the six months to June 30.

Turnover was higher at I£10.39m (I£8m), but difficult market conditions, especially in the first quarter, put pressure on rates and margins and trading profits fell to I£575,000 (I£1.03m).

Earnings per share fell to 2.86p (8.2p), but the interim dividend is maintained at 4.47p.



EVEN IN THESE CONDITIONS
WE HAVE MAINTAINED PROFIT GROWTH.

PRE-TAX PROFITS UP 12%. EARNINGS PER SHARE UP 14%.

Figures like these show Hays has maintained good profit growth despite the present financial climate. It just goes to show that we're more than a fair-weather company.

PRELIMINARY FINANCIAL HIGHLIGHTS
Year to 30th June 1990 (Proforma*)

	'89	'90	
PROFIT BEFORE TAX	£50.3m	£56.2m	+12%
PROFIT AFTER TAX (Attributable to Hays Shareholders)	£31.9m	£36.5m	+14%
EARNINGS PER SHARE	8.55p	9.75p	+14%
NET DIVIDEND PER SHARE	3.0p‡	3.5p†	+17%

Hays
THE BUSINESS SERVICES GROUP

*PROFORMA ON THE ASSUMPTION THAT THE CAPITAL STRUCTURE FOLLOWING THE FLOTATION IN OCTOBER 1989 HAS EXISTED SINCE 1ST JULY 1988. ‡ INDICATIVE RATE OF DIVIDEND ANNOUNCED AT FLOTATION AND BASED ON THE ASSUMPTION THAT THE CAPITAL STRUCTURE FOLLOWING THE FLOTATION HAS EXISTED SINCE 1ST JULY 1988. † INCLUDING 2.35p PROPOSED FINAL DIVIDEND. IF YOU WOULD BE INTERESTED IN A COPY OF OUR 1990 ANNUAL REPORT PLEASE WRITE TO DAVID BECKLEY, HAYS PLC, HAYS HOUSE, MILLMEAD, GUILDFORD, SURREY GU2 5HJ. OR TELEPHONE 0483 302203. THIS ADVERTISEMENT HAS BEEN APPROVED BY TOUCHE ROSS & CO WHO IS AUTHORISED TO CARRY ON INVESTMENT BUSINESS BY THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND & WALES.

This announcement appears as a matter of record only. September, 1990

NORTHERN ELECTRIC

Northern Electric plc

£225,000,000
5 Year Revolving Credit Facility

Arranger

BARCLAYS SYNDICATIONS

Underwriters

Barclays Bank PLC
Deutsche Bank Aktiengesellschaft, London Branch
The Fuji Bank, Limited
The Sanwa Bank, Limited
Union Bank of Switzerland, London Branch

Lead Managers

Barclays Bank PLC
Deutsche Bank Aktiengesellschaft, London Branch
The Fuji Bank, Limited
The Sanwa Bank, Limited
Union Bank of Switzerland, London Branch
Bayerische Landesbank Girozentrale, London Branch
The Long-Term Credit Bank of Japan, Limited

Managers

The Dai-Ichi Kangyo Bank, Limited
The Sumitomo Bank, Limited

Co-Managers

Amsterdam-Rotterdam Bank N.V.
Hessische Landesbank – Girozentrale, London Branch
The Industrial Bank of Japan, Limited
The Mitsubishi Trust and Banking Corporation
The Toronto-Dominion Bank

Agent

Barclays Bank PLC

BARCLAYS

UK COMPANY NEWS

A stake through KB's heart?

David Lascelles on the merchant bank's public agony over Premier

KLEINWORT Benson is suffering an experience every company dreads: a profound and very public agony.

For the last seven weeks, the group, which is the UK's second largest merchant banking group, has been nursing a huge loss-making position in the shares of Premier Consolidated Oilfields, the independent UK oil company.

The cost of financing the position alone is nearly £400,000 a week – or £2.8m so far. The paper loss on the holding at yesterday's price is £25m.

In spite of constant reports in the market that the shares have been sold, Kleinwort is believed still to have them on its books, though Mr David Peake, chairman, declines to comment on rumours. "We are trying to find a solution which is satisfactory to us and fits in with the views of our clients," he said yesterday in his first public remarks on the deal.

Kleinwort is both stockbroker and merchant bank to Premier. It bought the 29.7 per cent stake in August from Burmah Castrol for £138m, expecting to be able to place it with investors. But while the threat of war in the Gulf made oil a good buy at the time – and Kleinwort has one of the City's best-rated team of oil analysts – it failed to find buyers. The price plummeted and the losses began to mount.

The immediate concern is for the health of Kleinwort itself.

Unless the share price rises sharply, Premier could easily wipe out half Kleinwort's expected earnings of £60m this year. This has sparked rumours that the Bank of England is pushing Kleinwort to sell out, or raise fresh capital.

Mr Peake admits that the deal was "a bad misjudgment", but denies that his bank is under any official pressure. "We have kept the Bank in the picture, and our capital ratios are well above what they need to be."

At the end of June, Kleinwort had £509m of shareholders' funds and another £300m of loan capital. But it has had to transfer more capital into its securities subsidiary to underpin the Premier stake. And since Premier does not pay a cash dividend, there are no offsetting earnings on the position.

Other bankers said it was unlikely that the Bank of England would add to Kleinwort's difficulties by forcing it to realise losses, particularly since its capital ratios are strong. One of them said it was more likely that Kleinwort would be given several months to find a solution. The Bank itself does not comment on individual institutions.

Mr Peake declines to discuss precisely how the decision to bid for the stake was made, but he says "the top people" were involved. The group board was informed about it at a routine meeting two days later. The board is not usually told about every transaction that goes on at Kleinwort, but Mr Peake concedes that this was one of the largest of its kind undertaken by the company.

David Peake: the deal was a 'bad misjudgment'

The affair has been a huge loss of face for Kleinwort which has been trying hard to establish its credibility in the securities markets – a field it only entered at the time of the Big Bang reform of the City in 1986. And some people see it as a sign that the group is failing to make the grade.

"It's an absolute disaster," says Mr David Pountney, the analyst who follows merchant banks at UBS Phillips & Drew. "You don't need a lot of capital to do these deals. But it has exposed the lack of placing power at KB."

He estimates Kleinwort has about 4 per cent of the market, which is about half that of more powerful houses like SG Warburg.

The episode also raises wider questions about block trading, a practice which was imported from the US at the time of Big Bang when sizeable financial groups like Kleinwort became market-makers. Block trading helps market liquidity, but it is highly risky.

The chief executive of another merchant bank yesterday said: "For someone with the capital and the market-making skills, it is something you should go in for. But you've got to get it right because the cost of getting it wrong is huge."

Shortly after Kleinwort bought the Premier stake, a similar deal occurred when Imperial Chemical Industries sold a 25 per cent stake in Enterprise Oil to Warburg and Cazenove, the stockbrokers. They successfully placed it at a profit.

If Kleinwort is still carrying the shares at a loss at the end of the year, it will have to mark their value down to the market price in its accounts and make a provision. A new accounting rule obliging banks to do this came into force only last week, though Mr Peake says Kleinwort already has a policy of marking to market.

If and when the loss is realised, Kleinwort would make an announcement because of all the publicity over the deal.

Mr Peake says the loss will not deflect Kleinwort from its strategy to be an integrated investment banking house. "We're of a size that we can deal with a situation like this."

Hays advances 12% to £56m

By Andrew Jack

HAYS, the business services group, announced pre-tax profits up 12 per cent to £56.2m in its first full year results since joining the market in October.

The £166m flotation was the largest recent sale outside the government's privatisation programme.

The Guildford-based recruitment, distribution and commercial services company, said the increase for the 12 months to June 30 was almost entirely the result of organic growth.

The accounts were restated on a pro-forma basis to allow comparison with the period before listing.

Mr Ronnie Frost, chairman and chief executive, said: "I believe we have demonstrated that we are resilient in a downturn, and can perform better than other companies."

Against a background of poor results from recruitment agencies, Hays' personnel division, focused on accountancy professionals, reported operating profits marginally down to £19m (£19.4m).

Excluding Australia, profits rose by £400,000, according to Mr Frost. The company opened 39 new offices.

New contracts from Tesco, Marks and Spencer and World of Leather boosted operating profits in the distribution businesses by 17 per cent to £27.7m (£23.7m).

There is a £2.8m extraordinary item to pay for gift shares to senior management and bonus shares for staff.

Turnover was 15 per cent higher at £683m (£595m), but excluding the value of orders purchased on behalf of distribution customers, growth in "true turnover" exceeded 20 per cent, said Mr Frost.

Earnings per share are 9.8p (8.6p). Hays recommended a final dividend of 2.35p, making a total of 3.5p for the year.

The shares closed unchanged at 95p.

● COMMENT

Hays' three divisions do provide breadth but do not make the company recession-proof. Long-term contracts in the distribution business from major High Street retailers and the National Health Service look promising. So do unexpected windfall profits from Britdoc, a courier company within the commercial division whose rates will rise by 1p in line with a 2p increase from the Post Office for first class mail. Prospects for the full year will depend on second half performance from the accountancy recruitment business, which contributed 32 per cent of operating profits last year. Accountants may be more in demand than secretaries during a downturn, but judging from the last few months' results, they are not immune to it. On full-year profits of £60m, the shares are probably a long-term buy on a multiple of about 9.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Antofagasta	int	6	Dec 7	6	-	17
Brent Chemicals	int	1.6	Nov 23	1.4	-	6.8
Cambridge Water	int	36	-	-	-	-
China & Eastern	fin	2★	-	3	2	3
Cornwell Parker	fin	3.9	Nov 3	3.6	5.5	5.2
GT Japan Inv Tst	fin	0.75	Nov 9	0.75*	1.4♥	1.8*
Hays	fin	2.35	Nov 30	-	3.5	-
Ibex §	int	1	-	1.9	-	3.8
Jove Invest	int	3.45	-	3.45	-	7.65
Lamont	int	3.5	Dec 3	3.25	-	11.25
Lloyd Thompson	fin	5.2	Nov 23	2.3	7.5	6
MAI	fin	3.6	Nov 20	3.3	5	4.5
Metalrax	int	1	Oct 26	0.87*	-	3.45*
Norish	int	4.47♣	Oct 19	4.47	-	11.47
Polypipe	fin	2.4	Nov 9	2.08	3.5	3
Rutland Trust	int	0.27†	Nov 26	0.27	-	0.8
Schroders	int	4	Nov 8	3*	-	9.5*
Sheldon Jones §	fin	3.77	-	3.3	5.12‡	4.66
Steetley	int	5☆	Nov 29	4.75	-	13.75
Waterman Part	fin	4	Nov 2	4	6.2	6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For 13 months. ★US cents. ☆Scrip option. ♣Irish pence. ♥Includes special of 0.25p (0.8p).

Musterlin suspended

By Andrew Jack

Shares in Musterlin Group, the USM-quoted publisher, were suspended at 37p yesterday at the group's request "pending clarification of the company's financial position."

The announcement from the Stock Exchange followed a period of difficulties for the Oxford-based company. Last July it issued a warning of "a very significant loss" for the six months to June 1990.

The chairman and one non-executive director resigned at the same time.

Full year 1989 profits dived from £1.12m to £384,000.

Blackwood takeover speculation

By Jane Fuller

SPECULATION that BM Group, the maker and distributor of construction and other industrial equipment, was about to take over Blackwood Hodge followed the suspension of the two companies' shares yesterday.

An announcement is expected today.

BM Group, which increased pre-tax profit by 37 per cent last year and has low gearing, is in a good position to pick up weaker companies in its field. Its shares were suspended at 245p, giving a market value of £145m.

Blackwood Hodge, a distributor of earth-moving equipment, saw pre-tax profit nearly halve to £3.2m in the opening six months of the year after interest charges of nearly £9m. It also had to suffer extraordinary reorganisation costs of £2.8m, which included the closure of a Northampton factory.

Its share price gained 5½p on Friday to close at 21p, the price at which it was suspended, giving a market value of £35m.

BM Group, which is chaired by Mr Roger Shute, made a pre-tax profit of £9.4m on sales of £96.4m in the six months to December 31. Its annual turnover is thought to be about £240m.

Last year Blackwood Hodge made a pre-tax profit of £18.3m on sales of £497m, with earnings per share of 7.44p. Contributions from the US, Canada and Australia helped counteract a loss by the UK activities.

When the results were released in March, the company also announced that Mr Kenneth Scobie had resigned as managing director.

At the end of 1989, it had net assets of about £95m. It was 59 per cent geared.

Arthur Wood falls

Arthur Wood & Son (Longport), an earthenware maker, reported first half 1990 pre-tax profit down from £157,000 to £39,000.

Turnover fell to £1.55m (£1.63m) on poor trading conditions in the home market, disruption to output during reconstruction work, and increasing bias towards second-half trading.

Schroders

Interim Statement

24th September, 1990

The Directors of Schroders Public Limited Company have resolved to pay an interim dividend for the year ending 31st December, 1990 of 4p per share on the Ordinary Shares of £1 each and on the non-voting Ordinary Shares of £1 each.

This interim dividend takes account both of the capitalisation issue made in May 1990 (which on a strict scaling down to an equivalent basis would have reduced last year's interim dividend of 6p per share to a dividend of 3p per share) and of the Directors' expressed intention as forecast in their report issued with the accounts in April last to reduce the disparity in size between the interim and final dividends. It does not of itself imply an increase in the total sum to be distributed by way of dividend in respect of 1990.

The dividend will be payable on 8th November, 1990 to shareholders whose names appear in the Register of Members of the Company as at 18th October, 1990.

The profit of the Schroder Group for the six months of 1990, a period when conditions were more favourable than at present, was similar in amount to that for the first half of the previous year.

120 Cheapside, London EC2V 6DS

SAMANTHA INVESTMENTS PLC

£20 million Subordinated Floating Rate Notes Due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 21st September, 1990 to 21st March, 1991 the Notes will carry interest at the rate of 16.375 per cent per annum.

Interest payable on 21st March, 1991 will amount to £8,120.21 on each £100,000 Note.

Chartered WestLB Limited

Agent Bank

GT JAPAN INVESTMENT TRUST

HOW A TOP-PERFORMING INVESTMENT TRUST ROSE TO THE CHALLENGE OF A FALLING MARKET.

In the year to 30th June 1990, the net asset value of the GT Japan Investment Trust rose by 16.9%.

Over the same period, the Tokyo New Stock Exchange Index fell by 19.6%, sterling adjusted. (Source: Micropal.)

This remarkable outperformance has made GT Japan Investment Trust the best-performing of all investment trusts over the ten years to 30th June 1990, with net asset value total return of 1175%. (Source: AITC.)

Past performance is not a guide to the future. The value of shares can fluctuate.

The Trust is advised from Tokyo, where GT has developed a major presence over the years: this depth of local experience provided the basis for a highly successful investment strategy during a difficult year.

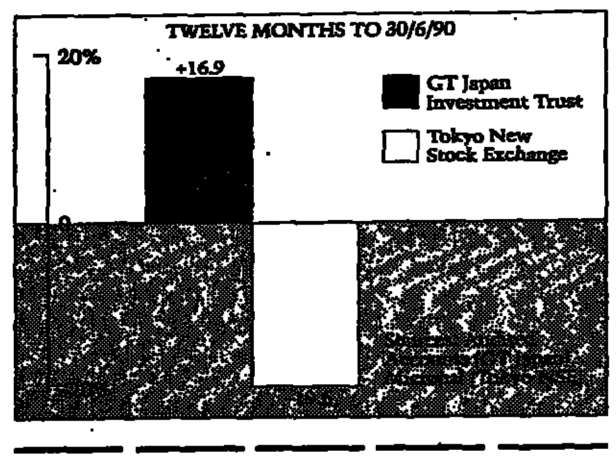
When underlying changes became apparent in the Japanese market in the last quarter of 1989, the managers responded with characteristic swiftness.

They made significant reductions in the Trust's holdings of larger companies and of warrants, and they switched the emphasis to undervalued smaller and medium sized companies with strong earnings growth and to companies in the fast-growing semi-conductor and telecommunications sectors.

The strategy served our shareholders well in the year under review, and we believe it will continue to do so.

To find out more about Britain's best-performing investment trust over ten years, please return the coupon to request a copy of the latest annual report.

We will also send you details of the GT Savings and Investment Plan, which offers an extremely cost-effective way to invest monthly amounts from £25, as well as lump sums (minimum £500) whenever you wish.



To: Lucy Fountain, Client Services Department, GT Management PLC, FREEPOST, London EC2B 2DL. Telephone: 071 283 2575.

Please send me a copy of the latest GT Japan Investment Trust annual report and details of the GT Savings and Investment Plan.

NAME

ADDRESS

POSTCODE

This advertisement has been issued by GT Japan Investment Trust plc and has been approved by GT Management PLC, a member of IMRO.

New Issue — This announcement appears as a matter of record only. — September 25, 1990

KAUFHOF FINANCE B.V.

Amsterdam, The Netherlands

DM 100,000,000
Deutsche Mark Floating Rate Notes of 1990/1997

unconditionally and irrevocably guaranteed by

KAUFHOF HOLDING AG

Cologne, Federal Republic of Germany

Issue Price: 100% · Interest: from September 25, 1990 until September 24, 1992 the difference between 27.625% p.a. and two times the respective DM 3-months LIBOR; from September 25, 1992 the difference between 24% p.a. and two times the respective DM 3-months LIBOR, payable quarterly in arrears on each payment date falling in March, June, September and December · Final maturity: in September 1997 at par · Denomination: DM 10,000 and DM 250,000 · Security: unconditional and irrevocable guarantee of Kaufhof Holding AG, Cologne, Federal Republic of Germany, Negative Pledge Undertaking of the Issuer and the Guarantor · Listing: Frankfurt Stock Exchange

COMMERZBANK
AKTIENGESELLSCHAFT

SCHWEIZERISCHE BANKGESELLSCHAFT (DEUTSCHLAND) AG — BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK AKTIENGESELLSCHAFT — BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK — J.P. MORGAN GMBH — SAL. OPPENHEIM JR. & CIE. KOMMANDITGESELLSCHAFT AUF AKTIEN

THE LEGAL PROFESSION

The Financial Times proposes to publish this survey on:
OCTOBER 19th 1990

For a full editorial synopsis and advertisement details, please contact:
Anthony Carbonari
on 071-873 3412
or write to him at:

Number One
Southwark Bridge
London SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NATIONAL BANK OF CANADA
(A chartered bank governed by the Bank Act of Canada)

US$ 150,000,000
Floating Rate Debentures, Series 7, due 1998

In accordance with the description of the Series 7 Debentures, notice is hereby given that for the six month Interest Period from September 21, 1990 to March 21, 1991 the Series 7 Debentures will carry an Interest Rate of 8.3125% per annum. The Coupon amount payable on Series 7 Debentures of US$ 25,000 will be US$1,044.84

The Reference Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

25th September, 1990

BARCLAYS

Barclays Bank PLC

(Incorporated with limited liability in England)

Renewed offer to exchange up to U.S.$405,970,000 Junior Guaranteed Undated Floating Rate Notes issued in November 1984 of Barclays Overseas Investment Company B.V. for up to U.S.$405,970,000 Undated Floating Rate Primary Capital Notes Series 2 of Barclays Bank PLC plus an initial Exchange Fee of U.S.$300 per U.S.$10,000 principal amount exchanged

The purpose of the Renewed Exchange Offer is to replace the Notes of Barclays Overseas Investment Company B.V. with new Notes of Barclays Bank PLC which will be regarded as primary perpetual subordinated debt in accordance with the Bank of England's current requirements in relation to the capital of United Kingdom banks.

Barclays Bank PLC offers to make the exchange on the following basis:

For every U.S.$10,000 principal amount of Junior Guaranteed Undated Floating Rate Notes of Barclays Overseas Investment Company B.V.	U.S.$10,000 principal amount of Undated Floating Rate Primary Capital Notes Series 2 of Barclays Bank PLC plus an initial Exchange Fee of U.S.$300.

This Notice is published, as required by the terms and conditions of the outstanding U.S.$405,970,000 Junior Guaranteed Undated Floating Rate Notes of Barclays Overseas Investment Company B.V. (the "BOIC Notes"), in connection with the renewed offer (the "Renewed Exchange Offer") by Barclays Bank PLC ("Barclays Bank") to exchange the BOIC Notes for:

(a) a further issue of up to U.S.$405,970,000 Undated Floating Rate Primary Capital Notes Series 2 (the "Primary Capital Notes") of Barclays Bank; and

(b) an initial Exchange Fee of U.S.$300 per U.S.$10,000 principal amount of BOIC Notes exchanged.

The Primary Capital Notes issued under the Renewed Exchange Offer will form a single series with the existing U.S.$794,030,000 Undated Floating Rate Primary Capital Notes Series 2 of Barclays Bank.

The exchange of BOIC Notes for Primary Capital Notes may take place on any business day from and including 12th September, 1990 to and including 31st January, 1991 (the "Third Exchange Period") and from and including 14th March, 1991 to and including 11th September, 1991 (the "Fourth Exchange Period") (subject always to the right of Barclays Bank, upon giving one clear business day's notice, to terminate either the Third Exchange Period or, as the case may be, the Fourth Exchange Period earlier than the date specified or to terminate the Renewed Exchange Offer at any time). Exchange may be made only through the CEDEL and Euroclear systems, as more fully described in the Offering Circular dated 20th September, 1990 issued by Barclays Bank (the "Offering Circular"). Barclays Bank reserves the right to amend the Exchange Fee paid to holders exchanging BOIC Notes to reflect movements in interest rates but it shall not be amended prior to 8th November, 1990. The Renewed Exchange Offer may be recommenced for such additional further period or periods and upon such terms as Barclays Bank shall determine.

As the Renewed Exchange Offer can only be accepted in respect of BOIC Notes in aggregate principal amounts of U.S.$10,000 or integral multiples thereof, an arrangement (the "Cash Adjustment") has been made with Kidder, Peabody International Limited ("Kidder") pursuant to which Kidder will in respect of the Third Exchange Period or, as the case may be, the Fourth Exchange Period purchase for cash one BOIC Note only in the denomination of U.S.$5,000 from each holder of BOIC Notes whose holding is not an integral multiple of U.S.$10,000 and who accepts the Renewed Exchange Offer in respect of his entire remaining holding of BOIC Notes (other than the BOIC Note to be purchased by Kidder).

Full details of the Renewed Exchange Offer (including details of the applicable interest equalisation arrangements) and the Cash Adjustment are contained in the Offering Circular and any exchange or any purchase by Kidder will be subject to the terms and conditions of the Renewed Exchange Offer or the Cash Adjustment, as the case may be. Copies of the Offering Circular (together with the related Form of Acceptance) may be obtained from CEDEL and Euroclear or any of the other addresses listed below.

Information regarding the Primary Capital Notes, the BOIC Notes and Barclays Bank is set out in the Offering Circular.

The Primary Capital Notes were admitted to the Official List of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited on 21st September, 1990.

Holders of BOIC Notes who are in the United States or who are U.S. persons will not be eligible to participate in the Renewed Exchange Offer, as more fully set out in the Offering Circular. The Primary Capital Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act") and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Primary Capital Notes will be in bearer form and will be subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings specified in the Offering Circular.

Advisers to the Renewed Exchange Offer:

Kidder, Peabody International Limited | **Barclays de Zoete Wedd Limited**

Brokers to the Renewed Exchange Offer:

de Zoete & Bevan Limited

Copies of the Offering Circular can also be obtained from:

Kidder, Peabody International Limited
107 Cheapside
London EC2V 6DD

Barclays de Zoete Wedd Limited
Ebbgate House, 2 Swan Lane
London EC4R 3TS

The Primary Capital Notes have been accepted for clearance on issue through CEDEL (reference no. 272375) and through Euroclear (reference no. 68677).

The value of both the BOIC Notes and the Primary Capital Notes can go down as well as up and may be affected by movements in interest and currency exchange rates.

Barclays Bank PLC is a member of IMRO.

UK COMPANY NEWS

France and Spain help Steetley limit fall

By Andrew Taylor, Construction Correspondent

STEETLEY, the building materials group, managed to escape the sharp fall in profits which has hit many British construction materials companies during the first six months of this year.

The group yesterday revealed that pre-tax profits in the six months to June 30 fell by only 3.5 per cent from £50.98m to £49.19m. Interest charges quadrupled from £2m to £8.03m.

The results would have been far worse but for a doubling od profits in France and Spain where Steetley has invested heavily during the past five years.

David Donne, chairman (right) and Richard Miles

Earnings per share were 10 per cent lower at 19.58p. Group turnover increased by 16 per cent to £374.11m.

Steetley is the largest aggregates producer in France which accounted for 26 per cent of operating profits. Overseas activities provided half of group profits.

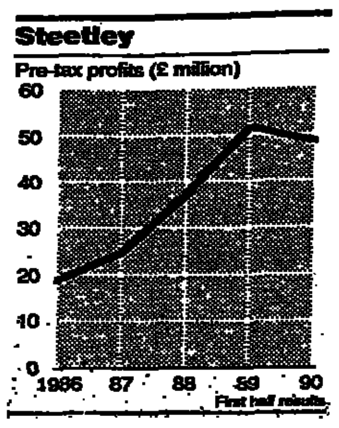
UK profits, in line with results announced recently by other building materials producers, fell sharply from £36.57m to £28.44m. Sales of bricks by Steetley in the UK fell by 15 per cent. Aggregate sales fell by 6 per cent.

Mr Richard Miles, managing director, warned that the second half could be more difficult. He said sales of building materials in the UK had worsened since July as the recession in housebuilding had spread to other areas of construction.

Profits from France however rose from £7.2m to £14.6m and in Spain from £2.88m to £6.78m. The figures from both countries included first-time contributions from several new acquisitions.

Mr Miles said, excluding the impact of acquisitions, profits were up by 10 per cent in France and by 15 per cent in Spain.

Profits from north America rose from £6m to £7m despite a poor market for bricks in the US where house sales in parts of the north east have fallen even further than in the UK.



Group debt as a result of recent acquisitions had risen from about £90m at the end of last year to approaching £170m at the end of of the year. Gearing had risen from about 27 per cent to just under 45 per cent. This was expected to fall to 40 per cent by the end of the year.

● **COMMENT**

Steetley has one of the best mix of businesses of any UK building material company other than Redland and RMC, which have large investments in Germany, at present Europe's most active construction market. Redland's half year results due to be published on Thursday are expected to underline the strength of the German market. Steetley may not be in Germany but it is doing very good business in France and Spain. France may come off the boil a little over the next 18 months but is still expected to outperform a disastrous UK construction market. Government plans to increase substantially investment in rail and roads will assist French aggregate sales. Investment in Spanish infrastructure, currently rising at about 20 per cent a year is also expected to remain high. Steetley should continue to perform better than most, a factor partially reflected in a price of 325p, up 1p on a day when other UK stocks fell sharply. Profits of about £100m this year (£110.93m) would put the group on a prospective p/e of about 8.5.

Lloyd Thompson climbs 30%

By Richard Lapper

LLOYD Thompson, the wholesale insurance and reinsurance broker, yesterday announced a 30.4 per cent increase in pre-tax profits for the year ending June 30. Pre-tax profits amounted to £8.35m, compared with £6.41m a year ago.

The performance, which was at the top end of analysts' expectations, confirms Lloyd Thompson's reputation as one of the most dynamic medium-sized London market brokers. The company proposed a final dividend of 5.2p per share net, making atotal of 7.5 net for the year, an increase of 25 per cent.

Mr Peter Carter, chief executive, said Lloyd Thompson has been able to win new business and retain more than 90 per cent of existing business. In spite of patchy trading conditions, brokerage income increased strongly from £15m to £21.6m, an increase of 44 per cent.

Lloyd Thompson's marine business, which accounts for more than 50 per cent of total brokerage, performed well, buoyed by gradual hardening of marine insurance rates, especially in the energy sector.

Total marine brokerage income rose from £8.5m to £11.3m. Market conditions are far less encouraging in the non-marine (property, casualty and international business) market, but Lloyd Thompson increased brokerage income from this source to £3.6m (£2m last year).

Brokerage earned by the group's reinsurance, political and financial risks business amounted to £6.7m, accounting for 31 per cent of total brokerage income. Hardening of rates in the specialist marine London Market Excess area has helped push up revenues here. Higher US and UK interest rates helped increase investment income to £4.7m.

Expenses rose sharply from £11.8m to £17.9m, as a result of the general expansion in business and the costs of fitting out new offices at Beaufort House.

However, Mr Peter Lloyd, chairman, said: "We remain determined to prevent any long-term deterioration in our expense ratio."

Lloyd Thompson has acquired sufficient space for immediate future growth at the Beaufort House location, where rental costs per square foot are lower than at the previous offices.

GrandMet may go to court over William Hill

By Maggie Urry

GRAND METROPOLITAN, the drinks, food and leisure group, is likely to take legal action if it does not receive the £50m final payment due today on its £685m sale of the William Hill betting shop chain to Brent Walker, the heavily-indebted leisure group.

Brent Walker said yesterday that the payment would not be made. "The cheque is not in the post," it said.

Brent Walker shares had a turbulent day yesterday initially rising, then falling, and finally recovering to close a net 1p down at 119p.

The group has disputed the price of William Hill, which was acquired through an off balance sheet vehicle, and is seeking to reclaim £160m from GrandMet saying that profits of William Hill for the year to end September 1989 were less than originally stated.

Independent auditors yesterday began discussions intended to resolve the dispute, which is expected to go to an independent arbitrator.

Brent Walker hopes to announce the names of two new non-executive directors when it releases interim results on Thursday. One of these could be Lord Kindersley, a director of Lazards, the merchant bank, who met Brent Walker directors yesterday and will again today.

The group denied rumours that it had already planned an equity issue, though it said that after the results are published it would be looking at its financing structure.

S & N buys more of Center Parcs

Scottish & Newcastle Breweries has bought a further 10 per cent of the fully-diluted share capital of Center Parcs, to bring its total holding to 70 per cent.

S & N, which acquired 60 per cent last year, said last week that it was preparing a £180m cash offer for the outstanding share capital. The board of Center Parcs, which operates 12 holiday villages in the Netherlands, Belgium, France and the UK, is supporting the deal.

Storm expands in US

By Paul Cheeseright, Midlands Correspondent

STORM, the Stourbridge company which created the Shoe People cartoons, is expanding in the US publishing market with its first acquisition since it was floated on the USM in December 1989.

It is buying outright A4 Publications and 70 per cent of A4 Publications USA, a publisher of directories and newsletters for the licensing industry. Total initial payment is £112,000 in a mixture of cash and shares.

In a further development, Storm is investing £100,000 in a new company called Storm Education.

This will be a 50-50 joint venture with Ms Carol Vorderman, a presenter of children's television programmes. The new company will publish videos and textbooks linked to the National Curriculum for 11-16 year olds.

CHAUCER FOODS

Winners of the Queen's Award for Export Achievement in April, is now the largest independent crouton manufacturer in Europe exporting to customers throughout the world.

Chaucer supplies croutons under the Rochelle label to leading supermarkets throughout the U.K., as well as croutons for instant soups, conventional soups, salad bars and snacks.

Unit 26, Brighton St. Industrial Estate, Freightliner Road, Kingston-Upon-Hull, North Humberside. HU3 4UN Tel: (0482) 588088 Fax: (0482) 588082 Telex: (0482) 592880 Telser

PILGRIM FOOD GROUP LIMITED

has acquired, in a 'management buy-out' CHAUCER FOODS LIMITED the UK's leading crouton manufacturer.

The undersigned initiated the transaction and acted for the management in negotiations with the vendor and institutional investors.

Bathstrete Investments Limited

BATHSTRETE INVESTMENTS LIMITED

Business Investment Strategy Consultants

Specialists in acquisition, divestment and joint venture assignments throughout Europe for the food and drink and packaging industries including the arrangement of management buy-outs.

Hunstrete
Pensford
Bristol BS18 4NT
0761-490708

Rutland shares hit on profit decline

By Maggie Urry

SHARES IN Rutland Trust, the financial services group, fell from 19p to 11p yesterday as it announced lower interim profits and took a cautious view of the near-term future.

Pre-tax profits for the six months to end June fell 11 per cent to £6.6m (£7.42m), and after the news stockbrokers cut their full year forecasts.

Mr Michael Langdon, chief executive, said the group had taken a prudent view. It was maintaining its interim dividend of 0.27p, though this was well covered by earnings per share of 1.6p, down 11 per cent from 1.8p. An increase in the final would be considered.

Mr Langdon said that many of the group's customers were medium-sized businesses which were feeling the economic squeeze at present. However, he said the group had net cash of more than £3m.

Rutland was discussing plans with SPP, the Swedish insurance group which holds a 36 per cent stake, to develop activities together. These might be in Europe, Mr Langdon said. However, the two were not talking about a takeover of Rutland.

Group turnover rose 66 per cent to £75.6m. The acquisition of Leasecontracts, a car contract hire business, at the end of last year meant there was a fall in interest receivable but this was more than offset by its profit contribution.

Profits from corporate finance, insurance broking and architectural surveying fell, while the Technology group, an equipment financing business, made no money and had been reduced in size. Ellis & Buckle, a loss adjuster, increased profits.

The divisional profit contributions were: head office (including interest receivable) and corporate finance £807,000 (£2.2m); insurance broking and personal financial services £1.7m (£1.8m); asset financing £1.9m (1.3m); professional services £2.2m (2.1m).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Baltic, Blockleys, Brooks Service, Brown & Jackson, Cambridge Isotope Labs, Finlay Packaging, Folkes, Henderson Highland Trust, IPECO, Jardine Matheson, Kwik-Fit, Newmark (Louis), Headler, Radiotrust, Rathbone Bros, Stag Furniture, Tarmac, Yule Catto.

Finals- Domestic & General, Elders IXL.

FUTURE DATES

Interims-

Addison Consultancy	Sep. 28
Ambrit Intl	Sep. 27
Ash & Lacy	Oct. 3
BHH	Sep. 28
BLP	Oct. 9
British Shoe Corp	Oct. 2
Broadstoner Hldgs	Oct. 2
Clinton Cards	Oct. 4
Corton Beach	Oct. 1
Cussins Property	Oct. 2
Holt (Joseph)	Sep. 28
Jacks (William)	Sep. 28
Jerome (S)	Oct. 11
Lep	Oct. 4
Sears	Oct. 2
Tellos	Oct. 2

Finals-

Allied Leisure	Sep. 28
Close Bros	Sep. 27
Galliford	Oct. 4
Photo-Me Intl	Oct. 3
Saltire Invs	Sep. 27
Synapse Computer Servs	Oct. 15
Throgmorton Dual Trust	Sep. 27

IG INDEX TELEPHONE: 071-828 7233 AFBD MEMBER

FTSE 100 Sept. 1975/1985 -45 Dec. 2015/2025 -50

WALL STREET Oct. 2463/2475 -46 Dec. 2476/2488 -48

5pm Prices. Change from previous 9pm close

HOW WELL DID YOU JUDGE THE MARKET?

MEMBER AFBD

FT-SE 100 Where next? Call for our current views

CALL 071-799 2233 CAL FUTURES LONDON

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa – Reg. No. 01/00429/06)

Extracts from Chairman Patrick Retief's Review

Results

The Johnnies Group achieved satisfactory results for the year to 30 June 1990 in an environment that was less favourable than that of the previous several years. Earnings attributable to shareholders increased by 18.2% to R429.6 million.

Platinum

The Group platinum producers' financial strength, strong marketing position, extensive reserves and low-cost expansion opportunities equip it well to maintain its industry leadership.

Gold

Income from gold mining investments declined sharply owing to the combined effects of a persistently weak gold price, in both dollar and rand terms, and rapidly escalating costs.

Ferrochrome

The recently-announced acquisition of Purity Ferrochrome by Consolidated Metallurgical Industries will significantly increase the Group's participation in this growing market.

Coal

Tavistock is well placed to take advantage of any market growth, a position that will be further consolidated once the recently-announced R531 million opencast extension of Arthur Taylor Colliery is commissioned early in 1992.

Industrial

The Group's non-managed industrial interests continued to perform well during the year under review. However, the outlook for the coming year is more subdued as private consumption expenditure comes under pressure from the monetary squeeze.

Outlook

For the Group as a whole, it has been a difficult year. But, I wish to emphasise Johnnies' continuing commitment to our core areas of business. The most tangible token of this commitment is the heavy investment programme currently under way. This programme includes major expansions in Rustenburg, Lebowa, C.M.I. and Tavistock, as well as substantial expenditure on the exploration for new mineral deposits.

In the face of external and internal uncertainties, it is not possible at this early stage to make a meaningful forecast of the Group's performance for the current financial year.

The Annual General Meeting will be held in Johannesburg on 24th October 1990.

Copies of the Annual Report are available from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

The RTZ Corporation PLC
NOTICE
To Holders of Warrants to Bearer

ORDINARY SHARES OF 10p EACH

NOTICE IS HEREBY GIVEN THAT an Interim Dividend of 6.00p per Share will be paid on the 17 December 1990 in respect of the year ending 31 December 1990. Payment of this dividend will be made after presentation of Coupon No. 63 at any of the undermentioned offices of payment.

3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN THAT a dividend of 1.75p per Share will be paid on the 2 January 1991 in respect of the half-year ending 31 December 1990. Payment of this dividend will be made after presentation of Coupon No. 57 at any of the undermentioned offices of payment.

OFFICES OF PAYMENT

The RTZ Corporation PLC (Registered Office) 6 St. James's Square London SW1Y 4LD

Generale de Banque 3 Montagne du Parc 1000 Brussels, Belgium

Banque Internationale à Luxembourg S.A. 2 Boulevard Royal, Luxembourg

Union Bank of Switzerland Bahnhofstrasse 45 Ch 8021 Zurich, Switzerland

Credit Suisse S.23, 8021 Zurich, Switzerland

The RTZ Corporation PLC (Transfer Office) Central Registration Limited 1 Redcliff Street, Bristol BS1 6NT

Banque Bruxelles Lambert S.A. 24 Avenue Marnix 1050 Brussels, Belgium

Banque Generale du Luxembourg S.A. 14 Rue Aldringen Luxembourg

Société de Banque Suisse CH 4002 Basle, Switzerland

Under the imputation tax system in force in the United Kingdom these dividends will be payable without deduction of United Kingdom Tax and for Shareholders resident in the United Kingdom will carry a tax credit calculated by reference to the basic rate of Income Tax applicable at the date of payment. Where a double tax agreement so provides, Shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom Tax may fall to be offset.

Coupons, which must be listed on special forms, which can be obtained on or after Monday, 5 November 1990 at any of the above offices, may be deposited on or after Monday, 12 November 1990. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association, provision is made for the forfeiture of the above dividends if not claimed within 12 years from the date of declaration.

6 St. James's Square
London SW1Y 4LD
12 September 1990

By order of the Board
F. S. WIGLEY
Secretary

UK COMPANY NEWS

Packaging and graphics side lifts Brent

By Jane Fuller

BRENT Chemicals International, the speciality chemicals group, increased its pre-tax profit by 11.5 per cent, from £6.11m to £6.81m, in the first half of 1990.

A strong performance from the packaging and graphic arts division, plus £1.03m of interest income, offset the contributions lost through business disposals.

Turnover rose by more than 7 per cent to £45.11m (£42.06m), while operating profit fell slightly to £5.78m (£5.9m). Interest received shot up by £820,000.

At the turn of the year the group sold off its automotive and food and beverage-orientated businesses. This helped it to build up £29m cash, falling to £17m by June following acquisitions.

The operating profit from discontinued operations was £1.3m last time, about £1m more than the residual figure in yesterday's results.

Mr Steve Cuthbert, chief executive, said the continuing activities had increased operating profit by 18 per cent, the majority coming through acquisitions.

Brent's biggest business group comprises industrial, aerospace and electronics, which between them made £4.31m (£4.02m) operating profit on sales of £29.08m (£26.29m).

Mr Cuthbert said not all the turnover increase had come through as profit because it had been partly associated with building up continental sales and technical resources.

The industrial side showed the slowest rate of sales growth, affected by slacker demand from UK metal finishing customers.

Aerospace was the most buoyant, while electronics had increased share in static US and UK markets.

In the packaging and graphic arts group, operating profit increased by more than 50 per cent to £1.71m (£1.13m) on sales of £16.03m (£9.07m). Organic growth was 30 per cent, he said.

More pre-press business had been gained from supermarket chains, while packaging inks and coatings had seen particularly strong growth in West Germany.

Earnings per share improved by 15 per cent to 7p (6.1p).

The interim dividend goes up to 1.6p (1.4p).

● COMMENT

Brent's spread in terms of customers and geography has helped to make it relatively resilient to recession in the UK, although its degree of comfort is partly thanks to its cash pile. The packaging and graphic arts side has bounced back after a difficult year in time to offset some weakness elsewhere. In the industrial area, which accounted for 28 per cent of sales, the UK outlook remains discouraging and it is to be hoped the continental sales effort can provide more of a cushion. Its electronics-oriented operation also faces continued uphill work in the UK, although tentative noises have been made about an improvement in the US.

Pre-tax profit is forecast to rise from £12.9m to £14m, giving a prospective p/e of about 9.5 on yesterday's closing price of 137p. A strong balance sheet helps to justify its premium to a sector which has seen several worse sets of results.

Trevor Humphries

Steve Cuthbert: continuing activities up 17 per cent

NEWS DIGEST

Interest income aids Lamont

IN SPITE of a £285,000 trading loss from recently acquired Bonded Fibre Fabric, Lamont Holdings, the textile group with interests in computing, product engineering and property, lifted pre-tax profits by 2 per cent to £5.02m in the half-year ended June 30.

Sir Desmond Lorimer, chairman, said a strong pound and a weak market resulted in pressure on margins with no benefit from improved sales, up from £43.15m to £52.4m including some £5m from BFF.

He said interest income rose to £709,000 (£454,000) and helped to maintain profitability.

However, margins would be reduced after investing £10m in BFF, and until the £12m proceeds of the property disposal was received.

Earnings per share slipped to 13.79p (14.2p) but the interim dividend is increased to 3.5p (3.25p).

A break-down of the trading profit showed: carpets £1.98m (£1.97m); other textiles £1.57m (£1.82m); computing £512,000 (£322,000); engineering £138,000 (£123,000); property £330,000 (£397,000); less central expenses £213,000 (£166,000).

Inishtech moves ahead strongly

Including a first time contribution from Doryhurst Group, Dublin-based Inishtech made pre-tax profits of I£2.92m (£2.68m), in the half year ended June 30 1990.

That compared with I£1.65m for the six months ended September 30 1989, and was generated from turnover of I£15.5m (I£10.94m). Earnings came to 20.1p (12.8p) excluding the charge for goodwill.

The group makes disposable products, mainly tissue- and paper-based, and polystyrene packaging products.

Aberdeen Petroleum doubles profits

A 25 per cent increase in revenue from oil and gas helped Aberdeen Petroleum double taxable profits from £118,000 to £234,000 for the six months to June 30.

Sales totalled £1.53m (£1.23m), with contributions from two producing properties recently acquired by the group, one in North Dakota. Oil output for the USM-quoted group now exceeds 500 barrels a day for the first time.

Operating and related costs rose to £493,000 (£319,000), depletion came to £316,000 (£535,000) and interest and other charges took £44,000 (£54,000). Again there was no tax.

Earnings per share rose to 0.5p (0.2p).

Edinburgh Fund expands 20%

In the half year ended July 31, Edinburgh Fund Managers increased pre-tax profits by 20 per cent, from £2.12m to £2.55m.

After a lower tax charge, net profit was ahead 33 per cent to £1.77m, for earnings of 9.6p (7.2p) per share. The interim dividend is stepped up to 4.5p (4.2p).

At July 31 funds under management totalled £1.59bn. Discretionary represented 71 per cent, unit trusts 16 per cent, and investment trusts 13 per cent.

Compared with the end of January, the UK accounted for 56 per cent (54 per cent) of the portfolio, North America 14 per cent (15 per cent), Pacific 13 per cent (10 per cent), Japan 9 per cent (15 per cent) and Europe 8 per cent (6 per cent).

£2.6m at halfway from Global Group

Global Group, the USM-quoted shipping services, food and property combine, produced pre-tax profits of £2.6m in the first half of 1990. The results included EIC Group, acquired last December.

There is no interim dividend; but the group was well on the way to eliminating the deficit on the profit and loss account, and when that was achieved dividends would be resumed.

The profit was generated from turnover of £28.39m. That compared with £28.57m and a pre-tax profit of £519,000 in the seven months ended December 31 1989.

Berry Birch rises but again omits dividend

Berry Birch & Noble, the USM-quoted financial planning company, lifted pre-tax profits from £203,426 to £283,461 in the half-year to July 31.

However, the company said it was not able to pay a dividend due to the current accumulated reserve position, but hoped to resume payments as soon as possible.

Operating profits rose some £100,000 to £264,105, but income from investments fell to £2,045 (£15,863) and interest receivable to £5,230 (£49,780).

There was an extraordinary debit of £52,402, representing further costs relating to the withdrawal from micro-electronics.

Earnings improved to 2.8p (2p) per share.

Ibex just stays in the black

Ibex Holdings only just broke even in first half of 1990 and is cutting its interim dividend from 1.9p to 1p.

The USM-quoted group made a pre-tax profit of £7,000, against £1.09m in the corresponding period. And earnings emerged as nil, compared with 5.7p.

Austin Benn, the recruitment agency, experienced a drop of 23 per cent in placements in the period, whereas ABC Contract Services increased turnover and operating profit.

Group profit comprised £87,000 from continuing activities, less £80,000 loss from discontinued activities.

36% improvement at Fortnum & Mason

Fortnum & Mason, the Piccadilly department store, raised pre-tax profits by 36 per cent from £136,000 to £185,000 in the 28 weeks to August 11. Sales increased 19 per cent from £9.16m to £10.87m.

Mr Garry Weston, chairman, said sales in July and August had been below budget. There had been some improvement in recent weeks, but, given the very strong performance achieved in the second half of 1989, the general climate of uncertainty, and the higher level of fixed costs, he said it would be difficult to improve on last year's record £1.33m trading profit.

Interim trading losses were £166,000 (£206,000), before interest received of £351,000 (£342,000). After tax of £67,000 (£50,000), earnings per £1 share advanced from 19.3p to 26.8p. The interim dividend is held at 6p.

Macallan improves 42% to £3.2m

Macallan-Glenlivet, the malt whisky distiller, saw taxable profits increase 42 per cent in the first half of 1990.

Turnover was 26 per cent higher at £7.69m (£6.1m) for profits of £3.24m (£2.28m).

The company said that there had been a higher demand for new fillings and continued growth in sales of the Macallan malt, margins on which had increased due to higher prices.

The interim dividend is increased to 0.4p (0.35p) from earnings per share of 4.59p (3.12p).

JW Spear interim loss eases to £0.85m

JW Spear & Sons, a maker of games and toys, reported a small reduction in first-half losses from £899,000 to £850,000 pre-tax.

Turnover for period to June 29 1990 rose 29 per cent to £7m.

Directors emphasised however, that because most of the group's sales occur in the run-up to Christmas, the half year's results give no more than a pointer to the year's outturn.

Pre-tax results were after making net stock provisions for slow moving merchandise of £133,000.

Interest payments increased from £126,000 to £157,000. After tax credits of £300,000 (£335,000) the fully diluted loss per share came to 10.21p (10.24p).

Westpool Inv Trust declines to £3.88m

Taxable profits at Westpool Investment Trust fell 26 per cent to £3.88m in the year to March 31, from £5.25m in the previous 11-month period.

Dividends from London Merchant Securities, the principal subsidiary, rose from £3.26m to £3.97m. Westpool said that its share of the LMS final dividend for the year to March 31 1990 was £4.27m, this would be reflected in its 1990-91 results.

Interest receivable in the period under review dropped to £285,000 (£2.15m).

A dividend of 1.85p (1.65p) is recommended for the year. Earnings per share came through at 3.56p (3.78p) basic and 2.93p (3.21p) fully diluted.

Waterman hit by delayed projects

The delay in a small number of significant projects affected Waterman Partnership in the year ended June 30 1990 with a resultant drop in profits.

This consulting civil and structural engineer felt the biggest impact in the last quarter, and saw the year's pre-tax profits decline from £5.52m to £3.44m, after being held at £2.4m in the opening six months.

However, as the group had a strong balance sheet and was reducing operating costs in line with the expected level of business, the final dividend is again 4p, which lifts the total to 6.2p (6p). Turnover rose to £16.43m (£14.97m) and earnings fell to 11.4p (18.8p).

Schroders little changed at midterm

By David Lascelles, Banking Editor

SCHRODERS, the merchant banking group, said yesterday that its profits in the first six months of this year were similar to those in the first half of last year.

As is customary, the bank gave no details. For last year as a whole, Schroders reported a 55 per cent increase to £47m in profits after tax and transfers to inner reserves. However, the group also said that conditions had deteriorated since the half-way point of this year.

Schroders' main sources of income are corporate finance and asset management, both of which have been affected by the drop in merger activity and the fall in world stock markets. But Mr Win Bischoff, chief executive, said that he was pleased with the first half because it had not been as bad as might have been expected.

Although there have not been any mega-deals, Schroders is involved in the electricity privatisation, and is advising east European governments on the sale of state-owned enterprises.

The interim dividend is lifted from 3p to 4p; but this takes account of Schroders' intention to reduce the disparity in size between the interim and final dividend, and does not necessarily mean that the total pay-out for 1990 will be raised.

Metalrax improves 3% to £3.26m

Metalrax Group, the engineering specialist, increased pre-tax profits by nearly 3 per cent to £3.26m, in the first half of 1990.

Mr John Wardle, chairman, said the group was very busy and the third quarter looked good. "I view the second half and the year as a whole with modest confidence," he stated.

Turnover rose 6 per cent to £31.43m (£29.64m). The interim dividend is raised from 0.87p to 1p at a cost of £588,000 (£510,000), and "does not stretch our resources". Earnings per share were 3.61p (3.51p).

NOTICE OF OPTIONAL REDEMPTION

STATE BANK OF INDIA

USD 100,000,000 FLOATING RATE NOTES DUE 1997

Notice is hereby given, in accordance with the Conditions of the Notes, that the Bank will, at the option of the holder of any Note redeem such Note at its principal amount on the Interest Payment Date falling on 24th December 1990.

To exercise such option the holder must deposit such Note, together with all Coupons appertaining thereto, maturing after such Interest Payment Date, at the office of the Fiscal Agent at 25 Monument Street, London EC3R 8BQ not earlier than 25th October 1990 nor later than 23rd November 1990. Any Note so deposited may not be withdrawn without the prior written consent of the Bank.

Interest due on 24th December 1990 will be paid in the usual manner against presentation of Coupon No. 10.

Fiscal Agent: Lloyds Bank

Notice to Debenture Holders

6⅜% Convertible Subordinated Debentures Due 2002

of

ENSERCH Corporation

ENSERCH Corporation previously announced the consummation of the sale of its oil field services business to Pool Energy Services Co. ("Pool Energy"), a Texas corporation. In connection with the transaction, ENSERCH acquired 2,000,000 shares of the common stock of Pool ("Pool Common Stock"). At the time these shares were acquired, the Board of Directors of ENSERCH stated its irrevocable intent to cause these shares to be distributed pro rata as a special dividend to the shareholders of ENSERCH at some time in the future.

A special dividend consisting of the 2,000,000 shares of Pool Common Stock has now been declared. It will be distributed pro rata on November 15, 1990, or as soon thereafter as is practicable, to shareholders of record on October 10, 1990.

Pool Common Stock is traded on the NASDAQ National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). On September 20, 1990, the closing price of Pool Common Stock on the NASDAQ was $17⅛. The approximate distribution ratio will be one share of Pool Common Stock for each 32.4 shares of ENSERCH common stock held of record.

The Pool Common Stock will be distributed only to holders of record of ENSERCH common stock. Debenture holders may participate in the special dividend only if their Debentures have been converted into shares of ENSERCH common stock prior to the record date.

Under the terms of the Fiscal Agency Agreement, the Debenture's current conversion price may be adjusted to reflect the distribution of the Pool Common Stock. The adjustment would be calculated according to a formula in the Fiscal Agency Agreement. No adjustment in the conversion price is required unless the adjustment would increase or decrease the conversion price by at least 1%. If the adjustment would be less than 1% of the conversion price, then it would be carried forward, along with any subsequent adjustments, until the amount equals 1%. If any adjustment of at least 1% of the conversion price is required, notice of the adjusted price will be given as is required by the Fiscal Agency Agreement.

This notice is being given for the sole purpose of satisfying the requirements of Section 14(j) of the Fiscal Agency Agreement pursuant to which the captioned Debentures were issued.

ENSERCH Corporation

Dated September 25, 1990

This announcement appears as a matter of record only.

BRASOIL U.K. LTD.

US $25,000,000

CREDIT FACILITY

arranged and provided by

BANK OF SCOTLAND

INTERNATIONAL DIVISION

LLOYD THOMPSON

Lloyd Thompson Group plc

Wholesale Insurance and Reinsurance Brokers

Preliminary Results

FOR THE YEAR ENDED 30TH JUNE 1990

	£,000	
TURNOVER	21,597	+44%
PROFIT BEFORE TAXATION	8,351	+30%
DILUTED EARNINGS PER SHARE	15.0 p	+17%
DIVIDEND	7.50 p	+25%

For a copy of the 1990 Annual Report please contact:

The Secretary, Beaufort House

15 St. Botolph Street, London EC3A 7LT

Telephone 071 247 2345

Metalrax Group PLC

Broad spectrum engineering specialists

Record interim results

	Six months to 30 June (unaudited) 1990	1989
	£000's	£000's
Turnover	31,425	29,643
Group profit before taxation	3,264	3,174
Dividends	588	510
Earnings per share	3.61p	3.51p

"I view the second half and the year as a whole with modest confidence".

John Wardle *Chairman*

Interim report: The Secretary, Metalrax Group PLC, Ardath Road, Kings Norton, Birmingham B38 9PN Telephone: 021-433 3444

This announcement appears as a matter of record only.

South Wales ELECTRICITY

Trydan De Cymru

£220,000,000

Revolving Credit Facility

Arranged by

Midland Montagu

Underwriters and Lead Managers

Canadian Imperial Bank of Commerce

Deutsche Bank Aktiengesellschaft London Branch

The Fuji Bank, Limited

Midland Bank plc

Société Générale Bristol Branch

The Sumitomo Bank, Limited

Managers

Bayerische Landesbank Girozentrale London Branch

The Dai-Ichi Kangyo Bank, Limited

Participants

The Mitsubishi Trust and Banking Corporation

Amsterdam-Rotterdam Bank N.V.

Den Danske Bank Aktieselskab

Bank of Wales PLC

Agent Bank

Samuel Montagu & Co. Limited

September 1990

PRIVATE BANKING

The Financial Times proposes to publish a Survey on the above on

9th October 1990

For a full editorial synopsis and advertisement details, please contact:

Robert Forrester

on 071-873 3206

or write to him at:

Number One, Southwark Bridge

London SE1 9HL.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Buying to make a profit

Selling is quite rightly one of the top priorities of smaller companies. But this does not mean that the owner or manager can afford to neglect the other side of the coin – purchasing.

Along with subjects such as design and quality management, purchasing is expected to be a key management issue in the 1990s, according to John Kelly, author of Purchasing for Profit*, a recent addition to the NatWest Small Business Bookshelf.

Price should be the last consideration for the purchasing manager, Kelly suggests. First priority should go to good quality which should allow the purchaser to reduce wastage.

Other important points are quantity – if the supplier can only deliver in small quantities handling costs will increase - the ability of the supplier to time deliveries to suit the purchaser and the choice of a reliable supplier.

Apart from the cost of the goods being bought the purchasing process itself involves expense. Management, administration and secretarial time will be taken up preparing specifications for non-standard items, finding and investigating potential suppliers and samples may need to be tested.

The purchaser will have to weigh up whether to buy in large quantities or to spread out deliveries. Bulk ordering, for example, guarantees supplies since, once delivered, the items can be drawn from stock. One large order requires less paperwork than many small ones and big volumes can usually be bought at discounts.

The disadvantages of bulk buying are that extra storage space may be required and should be properly costed on the basis of the rent and rates which have to be paid. A single large purchase will also tie up a lot of capital if it is paid for in one instalment.

Among other topics considered in the book are how to estimate quantities; deciding whether to buy or manufacture an item; selecting new suppliers and how to write out tenders.

**112 pages £6.95 Pitman.*

CB

Breaking out of the ethnic boundaries

Black and Asian business people in the UK face constraints – but also growing opportunities, reports Charles Batchelor

Honeytop Foods turns out pittas, chapattis, tortillas and a range of other ethnic breads from its two bakeries in Hackney, East London and Leicester. While both these areas have large ethnic minority communities William Eid and his fellow directors have never seen their markets as restricted to any particular ethnic group.

"Our objective from the start was to become a supplier to the large supermarket chains because that is where the buying power is concentrated," says Eid, whose origins are Lebanese though the family lived for long time in Ghana.

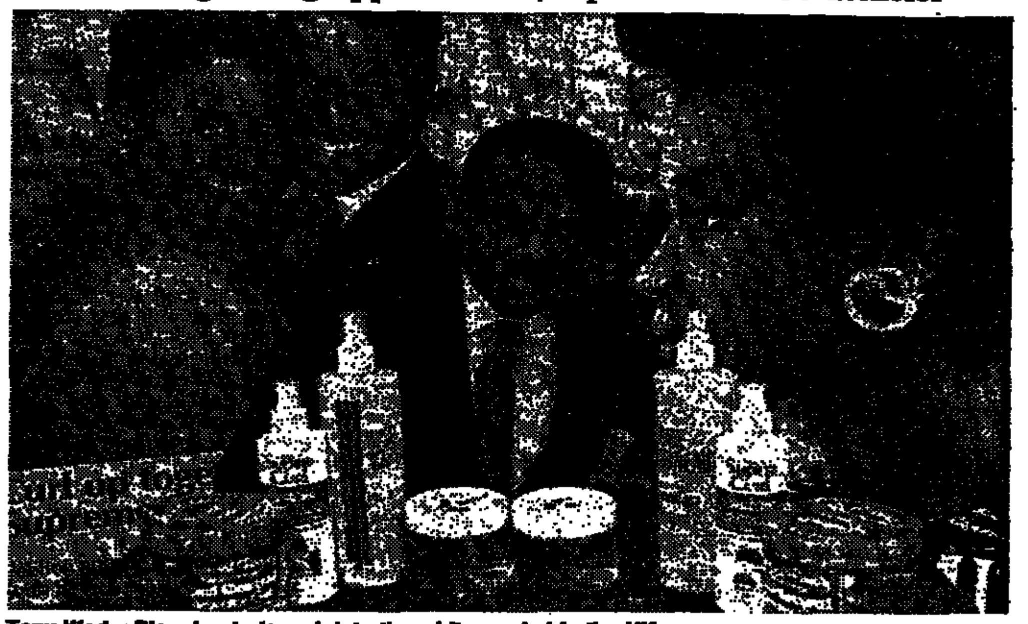
The decision to go for the big supermarket chains imposed an enormous burden on the company's finances – heavy demands were put on the family savings – in its early years as it struggled to develop a range which was broad enough to meet the buyers' needs. "We had to develop a wide range of products to persuade the supermarkets to put us on their buying lists and to justify them sending a vehicle round," says Eid. It took five years before Honeytop began making a profit - in 1989.

Eid expects profits to continue to grow and with turnover of £1.8m and a staff of 35 Honeytop is now one of the leading companies in its field. Eid does not believe he encountered any racial prejudice in his efforts to build the business – though his decision to keep investing in new machinery during the early years of losses did prompt his bank manager to ask if he really understood the British market.

But many other businesspeople from the ethnic minority communities complain that even if they do not suffer from overt discrimination they are often the victims of "stereotyping" which makes it more difficult for them to get started than for a white person.

The Lebanese and East African Asians tend to enjoy a positive "entrepreneurial" image while Afro-Caribbeans have a harder struggle. Tony Wade, managing director of Dyke & Dryden, a supplier of Afro hair preparations and cosmetics which has been established for 25 years, recalls visiting one company to discuss placing an order for its products.

In spite of asking to see the sales manager Wade was sent to see the works foreman. The gateman explained later that black people who came to the company were usually looking for a job in the factory.



Tony Wade: Planning to launch into the white market in the UK

Based in Tottenham, North London, Dyke & Dryden now employs 42 people and three years ago sold a majority stake in its equity to Soft Sheen, a black-owned Chicago-based manufacturer of hair and skin products.

But even the positive images can rebound. "Bank managers sometimes assume that Asian businesspeople do not need a loan because they will be able to borrow from their families," comments Sarabjeet Soar, leader of the Ethnic Minority Business Initiative, a government-backed programme to help minorities. "Yet family loans can be very short-term and are no substitute for long-term finance for the growing, capital-intensive business."

Similarly, the large numbers of Asian retailers and Chinese restaurants condition attitudes to these two communities and mean it is difficult for Asian and Chinese businesspeople to gain acceptance when they attempt to break into other sectors.

Raising finance is a hurdle for most small businesses but it can prove a particularly high one for the ethnic minorities. "We find companies with a turnover of £500,000 being refused overdrafts of £10,000," claims Simeon Grossett, deputy chairman of Britain's Ethnic Minority Business Federation, a support group for black organisations representing 900 businesses. Bank managers often see black-owned businesses only in terms of start-ups and have difficulty taking their more sophisticated requirements seriously as they become established.

Local authorities, despite their claims to be helping their ethnic communities, often find it difficult to put these policies into practice. Coventry Council had made just one loan to an ethnic minority business over an 11-year period, says Soar, who until recently worked in the council's economic development unit. Over the past five years, however, following a more focused approach to inner city businesses, ethnic-owned businesses accounted for seven of the 11 loans made by the council.

One reason why ethnic minority businessmen run into problems is that they often lack commercial experience, says John Meredith, manager of the S.G. Warburg Enterprise Fund, which helps growing small businesses – Honeytop Foods among them – in Hackney. Compared with the situation in US the numbers of blacks and Asians who have risen to middle management positions in large British companies is very small. Increasing numbers of second-generation immigrants are learning commercial and professional skills but it may take another generation before large numbers of them have the expertise needed to start up in business, comments Steve Bowen, of Fullemploy Consultancy, a training organisation targeting the ethnic minorities.

Family-run businesses (ethnic and non-ethnic) find difficulty establishing a formal structure for handling their affairs. Informality can be a strength in the early stages of establishing a business but for the expanding company it can prove a liability. "They rely on kitchen table chin-wags rather than minuted board meetings," comments Sarabjeet Soar. "If a kid interrupts you may think you have told me something but I may not have heard."

Members of the ethnic minorities also suffer from their lack of access to the business clubs and informal business networks which tend to be dominated by the majority white population. While Asians can partially compensate by using close family links black businesspeople are not good at establishing such networks.

To help the ethnic minorities overcome these barriers a range of public and private sector initiatives has been taken in recent years.

- Fullemploy earlier this year ran a series of workshops for 250 bank managers in Birmingham, Bradford, London and Nottingham to help them understand the specific problems of ethnic minority business development.
- The Ethnic Minority Business Development Team is working with the Association of British Insurers and several government departments to produce an advice leaflet on how to obtain insurance cover in inner city areas.
- The development team is also attempting to increase awareness among members of the ethnic minorities of the possibility of franchising as a means of going into business. "Franchising can help Asians break out of the niches in which they get stuck while for Afro-Caribbeans it can bridge the equity gap," comments Edward Gretton, a consultant.

Sarabjeet Soar is convinced that for the ethnic minorities concerns to be taken seriously more blacks and Asians must be represented in organisations such as the enterprise agencies and the Training and Enterprise Councils (TECs).

While there is no doubt that ethnic minority businesses do face problems in addition to those confronting their white-owned counterparts in one respect their position has improved. The size of the minority communities in many areas is becoming sufficient to provide quite sizeable markets for ethnic businesses.

Dyke & Dryden, for example, has capitalised on the growing UK black community and the established market in the US as well as developing exports to Africa and the Caribbean. It is also, however, planning to launch into the white market in the UK.

Once a business has survived the early difficult years the problems which are specifically related to the colour of its owner diminish. "The problems we face – of finding skilled managers and finance – are the problems of any industry rather than anything related to being a black business," comments Tony Wade.

Harmony in EC export markets

Charles Batchelor on pending regulations for UK companies selling through agents

British exporters often encounter problems when they use agents to sell their products in continental Europe. Unlike the UK, most European countries have legislation tightly defining the terms for contracts between exporters and agents. Exporters who are unaware of this can find themselves locked into agreements or faced with paying substantial compensation.

This state of affairs is about to change as Britain introduces regulations which will implement a European Community directive aimed at harmonising agency law. Businesses have until the end of this month to comment on draft regulations which have been prepared by the Department of Trade and Industry. The Confederation of British Industry and the Institute of Directors report a flood of submissions from their members concerned at details of the draft.

By bringing the UK into line with continental practice the new regulation should mean that British companies are no longer surprised by the sort of agreements they are expected to sign with continental agents. But they will have to adapt to a more highly regulated way of doing business.

An important concern of organisations like the CBI is that the UK regulation as drafted gives unduly advantageous treatment to the agent. By introducing the new rules in the form of a regulation rather than a Bill they will also escape full debate in Parliament, says Linda Jackson of the CBI's legal department.

Concern about the new rules has been expressed by both large companies with their own legal departments and by small businesses, says Jackson. Submissions to the CBI have emphasised the need for tightly drafted rules which clearly define what is meant by an agent and which close off loopholes which would allow agency agreements to be drawn up avoiding the EC directive.

The new regulations will require all agreements to be in writing and the precise method and amounts of payment to the agent must be specified. They also set down the notice period required to end a contract and what payments would be due after termination. At least one month's notice is required during the first year of the contract rising to at least three months' notice during the third and subsequent years. If the two sides agree to longer periods of notice the exporter must not be allowed a shorter notice period than the agent so that equality is maintained.

The exporter must compensate the agent for the "losses, liabilities, costs and expenses" he has incurred as a result of the termination of the contract. Compensation must take into account the commission the agent would have earned if he had continued doing his job and the exporter had derived a substantial benefit from the agent's work.

The regulations will also limit the freedom of the exporter to restrict the agent's activities after the contract had been terminated.

Exempt

The EC directive, which draws substantially on West German agency law, was agreed in 1986 but Italy is exempt from the new rules until January 1993 while the UK and Ireland have until 1994 so British companies still have time to adapt.

But even without changes in European law exporters must still take care in drawing up agency agreements. Issues they must consider include deciding which territory a particular agent will cover; whether the agent is given exclusive rights to the territory; products covered by the agreement; and how payment is to be calculated and made.

"Avoid entering into an agreement for an unspecified period which leaves you with an open-ended commitment," warns the British Overseas Trade Board's Guide for Exporters*.

**Available from Department of Trade and Industry, 1-19 Victoria Street, London SW1H 0ET. Model agency agreements are also available from UK Chambers of Commerce.*

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

FOR SALE
PROPERTY INVESTMENTS

* 4 high quality retail units in prime High Street locations
* Fully let to blue-chip covenants
* Realistic initial yields
* To be sold as one or in individual lots of £250,000 upwards

For further details please write to Bravehome Limited, 52 Mount Street, London W1Y 5RE or telephone: 071-491 2728.

IBM PROCESSING

A major multi-national financial institution with a large, secure Data Centre close to the City has excess capacity on a long-term basis for both IBM and Tandem systems. The Data Centre embraces all disciplines and is exclusively processing bank applications across a wide range.

The Managing Director invites interested similar financial institutions to contact him with a view to discussing potential joint ventures, sharing of facilities or provision of services. This Data Centre has a long-term commitment from its owners and is therefore seeking potential partners on a long-term basis.

Write in strictest confidence to Box No. H7306
Financial Times
One Southwark Bridge
London SE1 9HL

? EASTERN EUROPE ?

We are a major firm of international economic advisors, well experienced and established in the Eastern Bloc countries.

We started operations in the U.K. to provide companies with the opportunity to share our knowledge and increase their business and profit through these markets.

For further information please call:
TREBAG UK
2, Bedford Square, London WC1B 3RA
Tel: 071-580-4766 Fax: 071-631-4659

POINT OF SALE INSURANCE SYSTEM

Fully developed Factfind, needs analysis and client reporting system. Laptop, LAN, UNIX, IBM & DEC versions available. Advanced software tool-kit included for graphics, reports, system definition etc.

SOURCE CODE AVAILABLE
Telephone: 0001 - 952549 (Jim)
Telefax: 0001 - 952554

Preliminary Announcement
TO LET EARLY '91
60 BED NURSING HOME

enjoying excellent reputation and position in affluent E. Anglian town. Completely refurbished to highest standards. Anticipated income for '91 £700,00+. Companies or individuals with first class covenants apply

Box H7322, Financial Times, One Southwark Bridge, London SE1 9HL.

K L I N I K E N
DEL SOL
M A R B E L L A

Our client, Klinik Del Sol Management- & Betriebs AG, Liechtenstein, is offering investors

participation in a private acute care hospital

The "Del Sol" group owns real estate, through a Swiss Holding Company, in the most beautiful part of the sea shore at Costa del Sol (Marbella-Estepona), Spain, with the necessary permit for the construction of a private, 105-bed acute care hospital.

There is no private acute care hospital on the Costa del Sol between Malaga and Gibraltar, yet more than 150'000 foreigners reside there. In addition, millions of tourists spend their vacation at the Costa del Sol every year.

Participation is in Swiss francs. The chosen financial structure is expected to yield interesting income and tax benefits.

Interested persons will receive a detailed, informative brochure on the project from:

HANKRA M & A Consulting AG
Bellerivestrasse 3, 8034 Zurich, Switzerland,
Telephone +41-1-383 97 01, Telefax +41-1-383 97 22
Partner of M & A (Merger & Acquisition) International Ltd, London and Atlanta (US)

£120,000
GROSS PROFIT

* Manage your own MAYLAND regional distributorship selling a unique satellite T.V. system by a proven method within your own exclusive territory in a rapidly expanding marketplace.
* Your own business with no franchise or royalty fees.
* A complete business package for management calibre people.
* An initial cost of £14,000 + VAT secures a stock, training and national support package to get you started.

To find out more telephone MAYLAND SYSTEMS LIMITED on (0332) 385728 or 669023 (office hrs)

Well known and respected U.S. company supplying systems to automate manufacturing and distribution operations seeks additional product(s) for the North American market. The company, located in the north-eastern U.S., has excellent marketing, engineering, manufacturing, installation and service capabilities and reputation.

Written answers to:
Box No. F9990, Financial Times,
One Southwark Bridge
London SE1 9HL

U.K. MORTGAGE MARKET

Institutions looking for entry into the UK residential mortgage market at £50 million plus per annum.
If you are looking for: Low % of loan to value, above average spread and full admin service. Please express your in terest to
Box F9994,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

Housebuilders Receivers - Liquidators-Property Financiers
LAND WANTED
for housing sites

Substantial funds available for purchase of housing sites in the Home Counties or the South East.
Reply in confidence to Greg Fry,
ST GEORGE PLC, St George House,
The Green, Twickenham, TW2 5AG.
Fax: 081 755 3659.

We say this is no year to let your customers sit on your assets.

In a year when business is tough, money talks. Here's what it says.

The companies with the cash are the companies with the opportunities.

The companies with the best customer relationships are the ones with the chances of developing best. You agree?

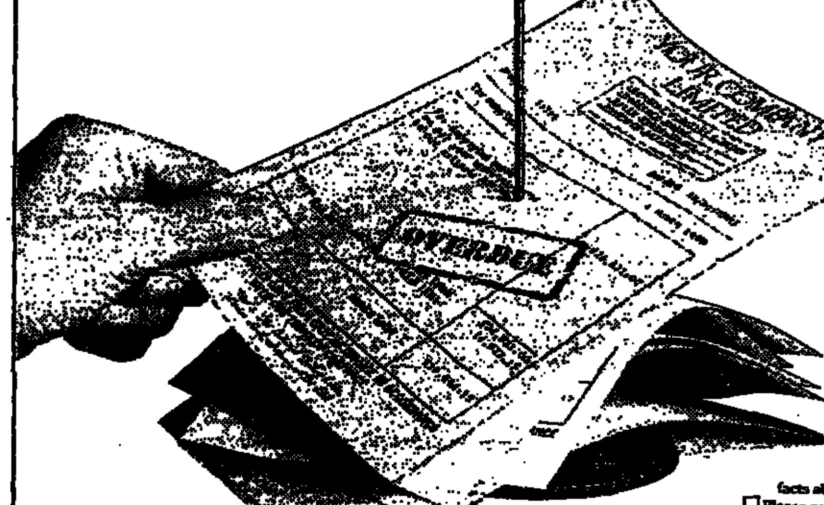
Shake hands with Kellock. Our business is helping your business with just those two things. We'll improve your cash flow by paying cash for your domestic or overseas receivables.

This will improve your relations with your customers by removing the need for you to pressure them for payment.

We'll be quick with you, and patient with them. We have to. We know how important customers are. We're knocking ourselves out to build a business too. To be faster, more responsive, more helpful.

That helpful attitude is known as The Kellock Factor. It's made us the fastest growing company in our sector – and won us the Factors Chain International 'Import Factor of the Year' award. Isn't it a factor you should consider? Use the coupon.

That's the Kellock Factor.



Please send me the facts about Kellock's services
☐ Please call ☐ Please do not call
Name
Company FT 25.9
Address
Tel No.

Send to: Kellock Limited, Abbey Gardens, 4 Abbey Street, Reading, Berkshire RG1 3BA or telephone: Jim Bland, Commercial Controller, on 0734-585511.

BIRMINGHAM · EDINBURGH · GLASGOW · LEEDS · LONDON · MANCHESTER

KELLOCK
Member of Bank of Scotland Group

PRIVATE COMPANY

in the Midlands area is looking for an experienced business partner able to invest between £500,000 and £1 million in a substantial travel agency business. A major Equity stake and full management control of the business is offered in return. The firm currently operates as a subsidiary of a private owned Holding Company and a new profit-motivated Managing Director is urgently needed.

If interested please Write to Box F9993, Financial Times, One Southwark Bridge, London SE1 9HL.

8ANK
Serious BANKable offers for this registration plate.
Write Box H7323, Financial Times, One Southwark Bridge, London SE1 9HL.

FINANCIAL PLANNING & INVESTMENT MANAGEMENT COMPANY

Fimbra member, with maximum authorisation, based in the South East wishes to embark on a development strategy utilising its experienced and prominent management team.
This may be achieved by a mergerwith a larger company or by outright acquisitions. Present gross income approaching £1m.
Interested principals please reply in strictest confidence to Box H7328, Financial Times, One Southwark Bridge, London SE1 9HL.

Industrial Computers and Intercoms Company, est.12 years, t/o £2M, has exciting new industrial computer with potential to double turnover, needs £250K to bring successfully to market. Business plan shows 15% net profit on sales before tax.

Contact our advisor, Robin Bligh, Touche Ross, Leda House, Station Road, Cambridge. 0223 460222.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

'CRACKSHOT'
SIMULATED
CLAYPIGEON SHOOTING

FIRST CLASS BUSINESS OPPORTUNTIES OCCUR NATIONALLY.

with a new up-market Product providing an exciting Indoor Sport, suitable for Hotels, Public Houses, Conference & Leisure Centres.

Agents required

'CRACKSHOT' SIMULATED CLAYPIGEON SHOOTING

G.A. CHATTAWAY & CO LTD
MERIDEN, WARWICKSHIRE, ENGLAND CV7 7LJ
Telephone 06755 2584 • Fax 06755 3120

PSYCHOMETRIC TESTING

We are a well known company in the rapidly expanding field of occupational psychology. We develop and sell a range of personality and ability (psychometric) tests.

Further development funds and/or trade partnership would enable us to take advantage of concrete new opportunities presented by existing and prospective clients.

For further information and a preliminary discussion, please write to:
Box H7326
Financial Times
One Southwark Bridge
London SE1 9HL

ARE YOU SHORT OF NEW ENQUIRIES/ORDERS

Top sales director successfully representing several engineering sub-contractors is looking for increased cover in iron castings, presswork, general machining, sheet metal work, electronic components and other items.

If you are competitive, efficient and quality conscious, phone or write now to:

Peter J Garrini Ltd, 23 River Park, Boxmoor,
Hemel Hempstead, Herts, HP1 1RB Tel: 0442-54675 Fax 0923 34431

DON'T MISS YOUR GOLDEN OPPORTUNITY: THE REBIRTH OF EAST GERMANY'S ECONOMY

For access to *non-repeatable excellent* New Markets, Joint Ventures and Acqusitions

Contact:
G.A. Associates (Holdings) Ltd., 36, Gillingham Street, London SW1V 1HU. Tel. 071 873 8625

BRITTANY

Old villages in stones for sale in the middle of an international golf course located along the atlantic ocean.

For full information please contact:
Gilles GAULTIER
c/o Maitre BOUTET - Notaire
Rue des Forges
56440 LANGUIDIC - FRANCE
Tel: 010 33 97 65 86 02
Fax: 010 33 97 65 11 13

RECOVER YOUR CAPITAL GAINS TAX

If you have settled a tax liability or expect to have to do so in the near future on the disposal of business assets (land and buildings, goodwill, plant, milk/potato quotas, etc.) and you have been unable or unwilling to roll-over into replacement assets, and remain within your 3 year time limit, we may be in a position *to help you.*

In certain instances, by utilising the roll-over relief provisions we will be able to recoup the tax already paid along with interest on the tax overpaid. This can often be achieved by limiting your capital commitment into new, qualifying assets to no more than 10% of the sale proceeds.

Companies, partnerships and individuals who have disposed of such assets for a consideration of £250,000 or more are invited to contact:

Box No. F9820, Financial Times, 1 Southwark Bridge, London SE1 9HL.

Berkeley Square W1

Immediately available - luxuriously furnished, self-contained, air-conditioned office suites with full *service/term* by arrangement.

For full details please contact:-
Nightingale Secretariat,
3 Berkeley Square,
London, W1X 5HG
Tel: 071-629 6116
Fax: 071-491 4811

Internationally active group of companies from Switzerland gives away

GENERAL DISTRIBUTION

for Great Britain and several other countries. The product is an absolute novelty in the credit card sector. Very interesting for companies and individuals with contacts to banks, insurance companies, large firms, department stores, stationary stores, credit card institutes, mail order companies (catalogues etc.. The patented Swiss product which has been awarded a gold medal at the International Inventor's Fair 1990 has great market potential. Marketing concept including video and brochures available. Joint venture venture required. For a first contact please write to the following address and include your exact address, telephone and telecopier number:

ICT Engineering SA, Trade Company, Hirschmattstr. 29,
CH-6003 Luzern Fax: 041/23 70 07, telex: 862821.

BRIDGING LOANS SHORT TERM CAPITAL

Very fast finance for property owners. Schemes for rolling up charges, non-status, and for any purpose. No arrangement or committment fees.

CASLEY FINANCE LTD
9 Artillery Lane, London E1 7LP
Tel: 071-377 8484 ; Fax: 071-377 0032

PROPERTY - EQUITY PARTNER REQUIRED

Property entrepreneur with exceptional track record, having successfully built up and sold a quoted property company, now seeks a substantial financial partner to take advantage of some exceptional high yielding investment opportunities available in the current depressed market.
Replies in the first instance to: Box F9912, Financial Times, One Southwark Bridge, London SE1 9HL.

This advertisement has been placed by Sabrelance Limited which is authorised by FIMBRA.

OSC

We have all the services in Duesseldorf you need for your successfull representation abroad!

OFFICE+SERVICE-CENTER
INTERIM-BÜROS GMBH
Adlerstraße 74 • D-4000 Düsseldorf 1
Tel. 0211/36 77-0 • Telefax 36 77-100

WATER QUALITY

Young progressive company seeks capital/partner for expansion

Please write to Box F9998,
Financial Times,
One Southwark Bridge,
London SE1 9HL

PRINTING AND TYPESETTING

company in Kent, currently generating cash but needs management and sales effort. Owner willing discuss salary, sales commission, controlling or minority equity stake.

Write to box F9996, Financial Times, One Southwark Bridge, London SE1 9HL.

ENGLISH AS A FOREIGN LANGUAGE

Blue chip, top quality English Language School in Canterbury, England seeks full and part-time Sales Consultants to represent us to Industry and Commerce in any of: Munich, Berlin, Frankfurt, Stockholm, Madrid, Barcelona, Bilbao, Lisbon, Oslo, Helsinki, Vienna, Athens, Brussels, Zurich, Geneva, Tokyo, Osaka.

Fax: Lynn Pymm 227-459027 (UK).

INCOME PROPERTIES - U.S.A.

The following properties are available

Opportunity beckons NOW!

***Salem, MA - 4 units £145k

***Lynn, MA - 16 units £575k

MANY MORE AVAILABLE

Contact: The Investor Group.
Tel: (508) 744-9414 (USA)

EXHIBITION ORGANISERS

Assistance available for exhibition organisers who want to start their *own business.*

Contact in complete confidence:
Vivian Ashworth, Chairman
EXPO INTERNATIONAL,
402 Southbank House,
London SE1 7SJ
Tel: 071 582 9116
Fax 071 582 4274

INVESTMENT IN I.T.

We are a *£1m I.T.* and *Computer* services company that invites investors and principals to discuss investment and expansion opportunities.

Our strategy is to create a strong market orientated group through mergers, acquisitions and investments.

Principals only to Box F9992, Financial Times, One Southwark Bridge, London SE1 9HL

crosslink international

Your office in
BRUSSELS
WARSAW
BUDAPEST
LONDON
MADRID
NEW YORK
WASHINGTON D.C
LOS ANGELES
SAN FRANCISCO

Fully furnished, first class secretarial support services and telecommunications package. Prestigious locations.

Tel: London +44 81 207 3099
Brussels + 32 2 238 7800
USA toll free 800 776 8330

INTERNATIONAL GROUP

Providing catering and security services to blue chip clients in Africa/Middle East seeks joint venture partners to achieve planned expansion and exploit business opportunities in similar markets.

Prinicpals only, write Box F9997, Financial Times, One Southwark Bridge, *London SE1 9HL*

RETIREMENT VILLAGE

Nursing home project approx. 15 miles from expanding London's third airport - Stansted.
2 acres residential dev. land with farmhouse and planning permission from 21 sheltered bungalows - land available to increase to 36 *units. Owner seeks partner/capital* injection/tie-up with health care organisation.

Write to Box H7327,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

ITALIAN AGENT

Well established English speaking representative with all facilities in MILAN could take on additional buying or selling agencies.

For further details please write to
Box No. H7305
Financial Times
One Southwark Bridge
London SE1 9HL.

MORTGAGES

On Commercial & Industrial Properties at prime rates 5/10 years. Interest only. Minimum loan £500,000.

Apply to:
HIRSCH
Europe's leading Finance Consultants
HIRSCH INT (Financial Services) LTD
15 Berkeley Street, W1
Tel: 071-629 5851 Fax: 071-499 8419

TOP LEVEL BUSINESSMAN

Chief executive with wide experience in service and consumer goods industries, UK and overseas, is available to develop growing business or revive ailing company. *SE location preferred.* Please write in strict confidence to:

Write Box F9975, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

PRAGUE -

5400 sqft comprising 3 floors of modern block - telephones and telex already installed. (To let)

MOSCOW -

2 ha. in centre for use as 5 star hotel/conference and offices. (For sale as J/V).

EAST EUROPEAN
C A P I T A L
DEVELOPMENTS
Telex: 917137
Fax: 071-233 5842.

A WORK AND BUSINESS OPPORTUNITY IN PUBLIC SECTOR CONSULTANCY.

The Managing Director of public sector services Ltd wishes to take a working partner, preferably someone with local government experience (40-55) and who is able to generate business and wishes to run an existing successful operation.

Buy in - half share £20,000 then buy *out balance from existing Managing* Director in agreed short time space.

Contact Colin Raynor PSS Ltd 5 Water Lane Lincoln LN1 1TY
0522 544458

COSMETICS AND TOILETRIES

Contract manufacturer has additional capacity for filling, liquid, cream and alcohol products, small run lipstick production also available long or short term contracts welcome.

Write Box H7307, Financial Times, One Southwark Bridge, London SE1 9HL.

VERY EXPERIENCED EXECUTIVE

Knight of the realm, now a Consultant in Technology Leadership coming to end of present project, now looking for next major assignment.

Please write to Box F9995,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

Specialist UK Supercharger Manufacturers requires substantial financing in excess of 200k. Large share stake available.

Box No. H7329
Financial Times
One Southwark Bridge
London SE1 9HL

KNIGHTSBRIDGE 2050 sq ft

Ideal start up accommodation in prestige West End location. *Telephones and fax in place.* Parking space negotiable Immediate occupation.

Contact Mr Harn 071 225 3911.

UNIQUE FREEHOLD PROPERTY OPPORTUNITY. Freehold building commercial 880 sq.ft. + 3 one bed aparts. Superb condition £648,000. Tel owner 071 724 5377 for details.

TAXHAVEN - TAXAVOID 25% Tax saved!!! 081-992-8882, till 8 p.m. Fees on results!!! 35 yrs experience.

Orion

REAL ESTATE PROPERTIES IN USA

One of the few safe harbours in a time of turmoil and uncertainty is long term leased real estate.

The Orion Group has been in business since *1975 in* Europe and America offering to individual investors superior income producing properties in USA.

Each building leased to one tenant.

Each tenant is a nationwide or world-wide operating company listed on the New York Stock Exchange.

All lease agreements are "Triple Net" with all costs paid by the tenant (real estate tax, insurance, maintenance, etc.).

All long term lease.

Financing available up to 75%.

Legal structure, tax advice and property management through our specialists in Miami and Geneva.

ORION INVESTMENT MANAGEMEN LTD.
200, South Biscayne Boulevard
Suite 4910
Miami, Florida 33131-2630
Tel: +1/305 - 371 4300

ORION INVESTMENTS & TRUST LTD
15, rue du Cendrier
1201 Geneva
Tel: + 4122/732 4805

Subsidiaries in Montreal and Amsterdam

SEAPLANE SAFARIS. UNIQUE ADVERTISING OPPORTUNITY LONDON

"Seaplane Safaris" has recently obtained permission to operate a ten seat "Cessna Caravan 1" Amphibious Aircraft from the River Thames on daily sightseeing flights over Central London, along the course of the river.

We are making available the opportunity for exclusive rights on an annual basis, to advertise on the substantial surfaces of this new turbo-prop Aircraft, which will operate under Seaplane Safaris' C.A.A. Air Operators Certificate.

If your company is interested in advertising via this new, exciting and highly visible medium, then please write in confidence to:- Mr Robin M. McCarthy. Seaplane Safaris, 17 Harold Close, Thorpe Marriott, Norwich, Norfolk. NR8 6UE.

London Based Financial Publication of 14 years, specialising in Middle East with global client base, invites investments for ready projects on hand, in new titles, offices in UK&M.E, low cost base, tel/fax: (081) *518 0062*

NON-EXECUTIVE CHAIRMAN OF SUCCESSFUL PLC

Requires further work to *occupy his time. Location* no problem.

Write Box F9991, Financial Times, One Southwark Bridge, London SE1 9HL.

EXPORTS

International trading Co with many contacts in MidEast, Eastern Europe and Africa, seeks supplies of branded toiletries, perfumes, films, foods & spirits and all other quality consumables. CONTACT LONDON FAX 071 723 1384.

INVESTMENT OPPORTUNITY 10 pueblo style *houses* with own gardens and communal pool. Ideal letting opportunity on edge of hill village about 30 minutes drive inland from south coast Spain. Suit owner wishing to live in area and derive income from letting. Opportunity to build further 20 units if required. TithebarnBABET Ltd, 14 High Street, Godalming, Surrey, GU7 1DL England. Tel: 00144 4868 28523 or Fax 00144 4868 20661.

Regent Street, W1 and Bayswater, W2

Remaining apartments for sale in newly built developments. available on attractive terms.

For information and prices telephone 081-349-3111 or 071-221-9641

CAPACITY AVAILABLE SOUTH EAST

Company with large modern factory can accept further *metal forming/coating work.* Value should be at least £30, to £100k per annum. Please fax 0903 742118

BRAINTREE, ESSEX

200,000 sq ft heavy industrial site. Ex-*foundry buildings, offices.* 10 acres of land. Prime location close to town centre. Potential for:

- new business
- splitting
- redevelopment
- leasing
- other

Contact: Industrias House, Dyer Street, Cirencester GL7 2PP
Tel 0285 642042

BUYING OR SELLING A COMPANY?

Finance for Expansion?
Gerhoff Bentley

01-748-9020.

BUSINESSES FOR SALE

Touche Ross

Abbey Hill Motor Sales Limited
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of this Yeovil based Fiat dealership, with a strong local reputation, especially for second-hand vehicle sales.

- ☐ 2.5 acre freehold site, with 9,500 sq ft of purpose built premises, including a large servicing area and a modern showroom
- ☐ 6 service bays with modern plant and equipment
- ☐ Large stock of second-hand cars
- ☐ Turnover of £8.5m in last financial year

To obtain further particulars, write to the Joint Administrative Receiver, *Mr Peter Thurston, at the address below.*

Queen Anne House, 69-71 Queen Square, Bristol BS1 4AE
Tel: 0272 214741. Fax: 0272 292645.
Authorised to carry on investment Business by the Institute of Chartered Accountants in England and Wales.

Member DRT International

COMMERCIAL REFRIGERATION AND AIR CONDITIONING
(South of England)

- design, sales, distribution, installation, and maintenance of standard and bespoke systems
- turnover in excess of £1.5 million
- pre-tax profits in excess of £0.1 million
- blue chip customer base
- long trading history

Potential purchasers please write to Ian Smith at *Acre House*, 11-15 William Road, London NW1 3ER

LIVINGSTONE FISHER
The Acquisition & Disposal Specialists
A member of FIMBRA

CONCORDE

Telephone 0202 528 459
Fax 0202 52 84 59

63, Lincoln's Inn Fields, P.O. Box 22, London WC2 3JU

THERE IS MORE TO SELLING A BUSINESS THAN FINDING A BUYER.

It takes only two *minutes of your time and the cost of* a telephone call to find out more about how we can help you and your company. So why not pick up the phone, right now? Associates in most capital cities.

DIVERCO
Sell Companies Nationwide

SELLERS and BUYERS
Contact in confidence:
DIVERCO LTD.
4 Bank Street,
Worcester WR1 2EW.
Tel: 0905 22303

CROYDON (central)

Sales Recruitment Consultancy. Top calibre clients and candidates. Certified figures. Immediate sale.

Write Box H7312, Financial Times, ONe Southwark Bridge, London SE1 9HL

LONDON QUOTED SHELL COMPANY

Fully listed on The International Stock Exchange, London. Ideal for non-EEC company seeking corporate base in Britain and the EEC. Interested companies should have 3 year track record, strong balance sheet, low gearing and profits.

Write Box H7187,
Financial Times, One Southwark Bridge,
LONDON. SE1 9HL

PAINT CO

Stock and goodwill of small paint manufacturing company *for sale. Located* in South East.

Please reply box H7324, Financial Times, One Southwark Bridge, London SE1 9HL

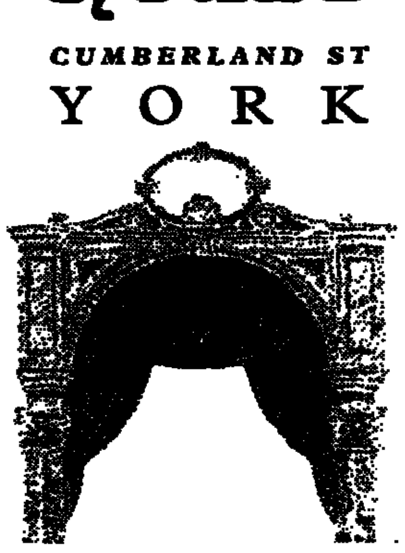
Well established, profitable neon business for sale

Est. since 1977 Specialists in design, manufacture and hire of quality neon lighting.

Extensive range of clients including- Television, advertising, film and exhibition companies.

Write Box H7309, Financial Times, One Southwark Bridge, London SE1 9HL

Grand Opera House
CUMBERLAND ST
Y O R K



- Immaculately restored Grade II Listed Theatre in the tourist core of this historic City.
- Premises include a 650 sq. ft. shop fronting Clifford Street for ticket sales, 1,028 seat auditorium, 10 private boxes, bar facilities and seminar rooms.
- Uniquely versatile for use as a National Touring House and Conference Venue.
- First year of trading from September 1989 producing turnover in excess of £2m.

O F F E R S
I N V I T E D

Knight Frank & Rutley
20 Hanover Square London W1R 0AH
071-629 8171

F R E E H O L D A V A I L A B L E

Humberts Leisure

Willerby, Kingston Upon Hull · Humberside

Outstanding Golf and Leisure Opportunity

- Arable land extending to approximately 159 acres.
- Grade II Star late 15th Century timber framed Farmhouse and Outbuildings.
- Planning permission for 18 holes of Golf, Clubhouse and approval for use of buildings for recreational facilities.

For Sale by Private Treaty.

For further information please contact:
Wells Cundall Commercial (0482) 25634 Ref: MH
or Humberts Leisure 071-629 6700 Ref: TPHS

Humberts Chartered Surveyors
Tel: 071-629 6700

ASSETT BASED Marine & Leisure plc

Profitable, and with extensive interests in one of the fastest growing harbours in the Mediterranean.
For sale at Net Asset Value

Durrani Pannett & Co
0293 776411

PEGASUS HOLIDAYS (LONDON) LTD

The Joint Administrative Receivers offer for sale certain assets of Pegasus Holidays (London) Ltd, including:

- Freehold self-contained modern office block near Croydon (7200 sq ft).
- Leasehold shop/office premises with prominent frontage in Earls Court (5900 sq ft) 18 years remaining with fixed rent at advantageous rates until December 2001.
- ICL Computer system with bespoke software for tour operator.

For further details please contact:
Greg MacLeod or Alan Maynard
Arthur Andersen & Co
PO Box 55
1 Surrey Street
London WC2R 2NT.
Tel: 071-438 3773
Fax: 071-831 1133
Telex 8812711

ARTHUR ANDERSEN & CO.

COVENTRY CLIMAX ENGINES LTD
Coventry

The Joint Administrative Receivers of Coventry Climax Engines Limited offer for Sale, the business, business assets and goodwill.

- AQAP 1 Registration
- £4 million order book
- Substantial stock and Work-in-Progress
- 30 staff

In addition

- Diesel Outboard Engine Division
- Intellectual property rights to a wide range of high speed lightweight high performance petrol and diesel engines.

Interested parties should contact the Joint Administrative Receiver Maurice Moses, Levy Gee and Partners, 100 Chalk Farm Road, London NW1 8EH. Telephone: 071-267 4477 Telefax: 071-267 1028

LEVY GEE

HEALTHCLUB

Very exclusive in unrivalled prosperous location North/Central London. Decor, equipment, Staff all of the very highest standard. Confidentially for sale (leasehold premises). £495,000.

Write Box H7313, Financial Times, One Southwark Bridge, London SE1 9HL.

FOUR VIDEO RENTAL SHOPS

based in N London & Herts, good high street premises, well established business, present T/O £300K with good potential. Will split. Price £325K.

Write Box H7314, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES FOR SALE

CHRISTIE & Co

By Direction of Joint Receivers
Clinton House Nursing Home
St Austell

Luxury recently refurbished Nursing Home Registered 45-32 singles/5 twins/1 treble (10 ensuite). T/O £9000 per week from 38. Management run. Lift, chair lift, 2 lounges, full fire regulations. Superb order throughout. Extensive quality inventory. One of the finest in Cornwall.

Offers invited freehold
Ref: 79317

EXETER OFFICE
0392-59371

CHESHAM.
BECAUSE YOU ONLY SELL YOUR BUSINESS ONCE.

And you want the right buyer. With confidential briefs from hundreds of acquisitive public company chairmen who are looking to buy successful, private companies worth £500,000 to £25 million, we ought to be able to help. So if you're thinking of selling your business, contact our Managing Director to arrange a confidential discussion.

CHESHAM AMALGAMATIONS
The first name in merger broking.

Chesham House, 2 Bentinck Street, London W1M 6JX.
Telephone: 071-935 2748
FIMBRA

OIL INDUSTRY COMPUTER SERVICES AND SOFTWARE FOR GEOSCIENCES WORKSTATIONS

Long established software company seeks buyer. Has offices in the UK and the USA, as well as agents worldwide. The principal features of the business are:

* Annual Sales : £2 million approximately
* User base : Greater than 500 systems
* Recurring Revenues ; 30% of Annual Sales
* Regarded as market leader for Oil Industry Geosciences Software
* Experienced and Loyal Team of Software Engineers and Support Staff

Equity control is available to a suitable buyer.
For further information please write to Box H7289, Financial Times, One Southwark Bridge, London SE1 9HL
Fax Number: 071-495 1149

STRUTT & PARKER

NOTTINGHAMSHIRE
Newark 12 miles, Gainsborough 12 miles
34 Bed Nursing Home
Victorian Country House tastefully converted and extended to a very high standard and set in about 2 acres of grounds.
Region £850,000
Joint Agents: H.H. Morris
Tel. (0673) 62655
Strutt & Parker,
Grantham Office:
(0476) 65886
Ref: 4AB/4045

The Businesses for Sale section appears on Tuesdays, Fridays and Saturdays.
To advertise in this section please call Gavin Bishop on 071-873 4780 or Sara Mason on 071-873 3308 or write to them at
The Financial Times, One Southwark Bridge, London SE1 9HL

Large Inn with potential as Country Club, Ireland

* Fully Licensed, 10,000 sq. ft. Inn on 9 acres.
* 4 Bars, 3 Function Rooms.
* Spacious Residential and Guest accommodation.
* 18 hole Pitch 'n' Putt in situ... with 4 golf courses, 2 Racecourses, Fishing 'n' Shooting in the area.
* Superb condition, Trading favourably
* 35 miles South of Dublin.
* Offers in excess of IR£ 750,000

To view, contact:
Don O'Connell. Doherty Advertising Ltd.
34 Lower Baggot St. Dublin 2 Tel:764008

Established and profitable marine sales/repair yard

Outstanding prime international location
Major residential/commercial asset base
Further development potential
Full off-shore status
Majority interest available

Write to: Box No H7296
Financial Times
1 Southwark Bridge
London SE1 9HL

HOW TO VALUE AND NEGOTIATE THE SALE OF A BUSINESS
by Christopher Staines BSc ACA
In association with Cavendish Corporate Finance

This clearly presented manual provides an easy to follow and carefully structured approach to assist an owner in selling his business at its Maximum Value. This publication will also provide invaluable reading for advisers, business brokers, and purchasers. Key areas covered:

• Valuation • Timing • Maximising Price • Business Profile
• Identifying Buyers • Negotiations • Deal Structuring • Tax Aspects

To: Behr Publications Limited PO Box 1AG London W1A 1AG
Please send me [ ] copy/ies of How to Value and Negotiate the Sale of a Business at £27.50 each. Please add £2.50 post and packing per copy.
Make cheques payable to Behr Publications Limited
I/We enclose a cheque for £ ......
Please charge VISA/ACCESS AC No: ......
Sum £ ...... Expiry Date......
Name......
Address ......
Tel Orders: 071-636-7408 (24 hrs) Fax Orders: 071-323-2145

BUCHLER PHILLIPS & CO.
CORPORATE RECOVERY SERVICES

are on the move

The new address as from 24th September 1990 is:-

84 GROSVENOR STREET
LONDON W1X 9DF

☎ (071) 493 2550
FAX (071) 629 9444

WOUND PRODUCT MANUFACTURER

This is a profitable company located in Southern England whose principal features include:-

* Turnover of £2 million p.a.
* Experienced management.
* Well established customer base.
* Skilled workforce

For further information, please write to Box H7311, Financial Times, One Southwark Bridge, London SE1 9HL

WELL ESTABLISHED SOFT-FURNISHINGS RETAIL/WORK SHOP FOR SALE

Making up curtains, blinds, headboards, loose covers. Selling haberdashery, curtain accessories, lamps, cushions etc.
Business currently being run by two partners, one of whose husband is being relocated.
Other partner willing if required to continue for short period to assist smooth handover.
Principals only to apply.
Box No. H7318
Financial Times
One Southwark Bridge
London SE1 9HL

LEISURE BUILDINGS COMPANY AND SWIMMING POOL COMPANY

The parent company of these two businesses is offering each for sale as going concerns. The two are located side-by-side in leasehold premises in an Enterprise Zone in a good Southern location.
One is a manufacturer of high quality Leisure Buildings, the other a distributor of a leading range of Swimming Pools.

* Combined Turnover in excess of £1.5 million
* Skilled Workforce
* Experienced Management

Write to Box No. H7304
Financial Times
One Southwark
London SE1 9HL

FOR SALE ROADSIDE RESTAURANT

Modern New Purpose Built licenced circa 80 seat facility.
Alongside main trunk road.
Fully equipped to a high standard.
Large Car Park.
Write Box H7299, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

Profitable West Yorkshire based company specialising in design and construction of petrochemical and oil field control systems.
Last years turnover in excess of £450k giving excellent return.
Retirement of majority shareholder causes this business to be available for sale.
Principals only to apply:
PO BOX H7317
Financial Times
One Southwark Bridge
London SE1 9HL

"MAIL ORDER COY. TRADE SALE"

Sales £6m p.a. All Cash. Ladies and Gents clothing. Big computerised Data Base. Catalogue. Warehouse & 8 shops. Southern Region, M.D. retiring. Family of original proprietor wishes retain 25% Equity. 75% for sale at £500K, 100 staff, £1m annual advertising. Big goodwill. going over 25 years, perfect snip for Plc diversifying or for far-seeing Venture Capital House. Insert new management, credit sales, enlarge catalogue and profits and sales will escalate. Less than 1% market share. With petrol up, soon reduction in base rates, home sales will rocket. Rapid Sale wanted. TELEPHONE ITALY 184 537235 between 9am and 1pm or Fax on Italy 184 53738 attention MIRIAM.

ENGINEERING OPPORTUNITY

Precision engineering business located between Southampton and Bournemouth. Established over 40 years. B.S. 5750. Turnover £500,000. Must relocate owing to imminent termination of lease.
Skilled workforce (20). Order Book. Management would remain. Ideal opportunity for simliar business to expand.
Plant and equipment valued at £300,000.
Best offer over £150,000.
Principals only. Fax to 0203 537028 and quote Ref. HR

FOR SALE: CO. MANUFACTURING ENERGY CONSERVATION DEVICE WITH PATENTS AND APPROVALS.
ELECTRICAL DEVELOPMENT SPECIALIST SEEKS TO SELL PART/ALL EQUITY OF RAPIDLY GROWING SUBSIDIARY.
CURRENTLY SELLING TO U.S. UTILITIES (REALISTIC TARGET MARKET $500M). WORLD-WIDE POTENTIAL FOR A COMPANY WITH MARKETING EXPERTISE AND RESOURCES.
PRINCIPALS ONLY APPLY TO:
BOX NO. H7300,
FINANCIAL TIMES,
ONE SOUTHWARK BRIDGE,
LONDON SE1 9HL

HEATING, VENTILATION AND ELECTRICAL BUSINESS FOR SALE

In South East London.
Commercial and industrial works. On going contracts and clients.
NIC/EIC approved, and Corgi registered.
For more information please write to Box H7331, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE
PROFITABLE RETAILER OF BED LINEN

Established and profitable retailer of luxury bed linen and accessories.
Operates from prime London location, Profit before tax £80,000 p.a. Offers invited for the business and net assets.
Write to Mr J.S. Keeling.
KPMG Peat Marwick McLintock,
1 Puddle Dock,
Blackfriars,
London EC4V 3PD
Telephone 071 236 8000 ext. 4809

PROFITABLE WINDOW COMPANIES
Domestic & Commercial
T/O's. £0.5m to £3.5m.
Most Regions
MAINWARING & CO.
0606 861561

TAX HAVEN

Small housebuilding company for sale. All works completed 12-18 months ago, covered by NHBC, indemnities given, good tax losses, with or without property. Also small building materials company with tax losses for sale with excellent warehouse and rental property.
Please reply to: Box No. H7320
Financial Times
One Southwark Bridge
London SE1 9HL

OPTICAL STORAGE COMPANY

An opportunity to acquire leadership in optical disk drive manufacturing

A company whose primary focus has been on R&D has been recently restructured for market growth and profitability with positive cash flow. This company is seeking acquisition by a strategic partner.

For information inquiries may be directed to:

J.A. Moak, Managing Director, International
JHM Executive Alliance
P.O. Box 17054
Fountain Hills, Arizona 85269-7054
or Fax: 602-837-0177 (U.S.A.)

Churchill Merchanting Limited
(In Liquidation)

The liquidator offers for sale the business of Churchill Merchanting Limited, a provider of short term inventory finance.

* Bills of exchange in existence approximately £4.4 m, with approximately 30 customers.
* Turnover in 12 months to August 1990 £1.2 m.

For further details please contact the liquidator,
Laurence Baehr. Laurence Josef Baehr ACA, MIPA, MBIM
Clark Whitehill & Co
Chartered Accountants
25 New Street Square
London EC4A 3LN
Tel No. 071-353 1577
Fax No. 071-583 1720

CLARK WHITEHILL & Co
Chartered Accountants

TRANSFUTER LTD.
(In Administrative Receivership)

The business and assets of the well established company, engaged in the manufacturing and retailing of reproduction Regency style furniture, operating from leasehold premises in Oakham, Rutland, Leicestershire and Kenilworth, Warwickshire.

* Turnover approximately £700,000
* Skilled workforce
* Trading as "The Table Centre"
* Strong local reputation

For further details, contact the Joint Administrative Receivers R. W. Leivers and M. R. Ellingworth on (0332) 295544 Fax (0332) 295600

CPWS
Cooper-Parry, Watson, Sowter & Co
Chartered Accountants
102 Friar Gate, Derby DE1 1FH
(Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business)

A CLASSIC

Rare opportunity to purchase a unique country Inn of sophisticated charm in recession proof New England, USA village. Easily accessible from New York and Boston, the Inn boasts a long history of continued revenue growth and serves a loyal, international clientele. The award-winning gourmet restaurant has earned the accolade "best in the state".
Priced at 3 times gross revenues.
$5.2 million, cash. Qualified Principals only.
Reply to:
Box No. H7332
Financial Times
One Southwark Bridge
London SE1 PHL

PUBLIC COMPANIES FOR SALE

* First European Indemnity Corporation PLC
* Eurodollar Securities PLC
* Pan Global Finance PLC

(or your choice of name and objects)
complete with trading certificate.
£800
Full Professional Indemnity cover
Corporate Registrars
Tel: UK 0222 382116
Fax: UK 0222 382118

BUSINESS FOR SALE - REPUBLIC OF IRELAND

Majority share of sale in Dublin based ceramic, floor tiles, accessories, importers and distributers with retail outlet.
Reply in full confidence to:
Grouger & Company, Chartered Accountants,
52 Merrion Square, Dublin 2. Tel No. (Dublin) 760705

MICROFILM BUREAU

Central London location. Fully equipped for full range of services. T/O £1/4 million p.a.
PO Box No: H7319
Financial Times
One Southwark Bridge
London SE1 9HL

FOR SALE SMALL

licenced Coal Mine 20 inch high seam. Offers invited
Phone: 0706 218125.

FOR SALE/MERGER WEST SUSSEX

Sheet metal/coatings company with modern plant (20,000 sq.ft. factory) T/O approximately £1 million.
Write Box H7315, Financial Times, One Southwark Bridge, London SE1 9HL.

PRINT BROKING CO FOR SALE
£1M Sales T/O
All Blue Chip accounts.
Central London.
Proprietor to retire after 25 yrs,
Box H7316, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE - £75,000

Long established (20 years) business dealing in club fenders. London based. Turnover £60,000. Gross profit £35,000. Ideal to run from home - part-time.
John Ford & Co.,
Chartered Accountants, 182 Dawes Road,
London SW6 7RG,
(071) 381-8448

California Based
Airline On-Board Comfort Items Manufacturer for Sale

Annual sales US $5 million. Very profitable & fast growing. For fast production. Price guide $2 - 3 million.
Write: The Corporate Strategist,
671 Clipper Hill, Danville, CA 94526.

FOR SALE
NICHE MEDICAL PRODUCTS MANUFACTURER AND DISTRIBUTOR

Strong customer base,
Does not fit with current group strategy.
Write to Box Number H7305
Financial Times
One Southwark Bridge
London SE1 9HL

EXECUTIVE EDUCATION

Cranfield

Short Courses To Management Success

One of Europe's leading university management schools, Cranfield's international reputation has been built up on providing ambitious managers with the skills to excel. Our courses are designed with quality in mind, reflecting the latest thinking in management development.
Our programme of specialist courses cover six main areas.

* Strategic Management
* Managing Finance
* Information Systems
* Operations and Project Management
* Marketing and Logistics
* Managing People

For information on any of these courses, ask Fiona Sparkes for our 1991 short course brochure at Cranfield School of Management, Cranfield, Bedford MK43 0AL.
Tel: 0234 751122

Cranfield
School of Management

Fordham University, New York City
International MBA Degree Program in Europe

There is a need to professionalise the business education and development of managers. As this fact is increasingly recognised, and in advance of 1992 in Europe, the Fordham International MBA Program is timely, challenging and relevant.

This Program offers

* A prestigious, internationally recognised MBA Degree
* Comparatively short period away from work
* Intensive professional development
* An opportunity to study in Europe and USA
* A network of international business contacts
* Instruction by the Faculty of Fordham's Graduate School of Business Administration

For organisations, this Program is an opportunity to invest in top quality management development. For individuals, it represents a significant step towards career advancement.

Further information and application forms are available from:
The Program Director, Fordham MBA Degree Program,
Irish Management Institute, Sandyford Road, Dublin 16, Ireland.
Tel. 353-1-956911. Telex 30325 IMI EI. Fax 353-1-955147.

The Fordham International MBA is accredited by the American Assembly of Collegiate Schools of Business.

Want to brush up on a foreign language?

With Audio-Forum's intermediate and advanced materials, it's easy to maintain and sharpen your foreign language skills.
Besides intermediate and advanced audio-cassette courses – most developed for the U.S. State Dept. – we offer foreign language mystery dramas, dialogues recorded in Paris, games, music, and many other helpful materials. And if you want to learn a new language, we have beginning courses for adults and for children.
We offer introductory and advanced materials in most of the world's languages: French, German, Spanish, Italian, Japanese, Greek, Russian, Portuguese, Korean, Norwegian, Swedish, Turkish, Thai, Urdu etc. etc.
Call 071-937 1647 for FREE 32-p. Catalogue or write:
AUDIO-FORUM THE LANGUAGE SOURCE
Suite C1, 31 Kensington Church Street, London W8 4LL

ANNOUNCEMENT
Universal Languages Ltd is pleased to announce the opening of their BUSINESS LANGUAGE SERVICES branch at 45 High St. Kensington, London W8.
Our breakfast, lunch, evening & Saturday classes start 1st October.
We also cater for all your company language training programmes, translations & interpreting.
You are cordially invited to visit or to contact us for our brochure.
Business Language Services.
45 High St Kensington.
London W8.
Tel: 071 938 1225
Fax: 071 938 1227

INTENSIVE PRE-EXAM GMAT REVISION COURSE - £95

Friday evening till Sunday evening 12-14 October in central London. For details contact South West London College, Marketing & Short Course Unit, Abbotswood Road, London SW16 1AN.
Tel: 081 677 5041 Fax: 081 664 7112

EFFECTIVE COMMUNICATION MEANS EFFECTIVE TRADING RESULTS

• Do you know Spain has Europe's fastest growing economy?
• Do you speak SPANISH?
Success means gaining the competitive edge therefore you need to be equipped with the necessary language skills.
Our tailored courses will cater for your every requirement having the added comfort of training in your own office.
Our experience gained in the UK and Spanish market place helps us to help you overcome your communication difficulties in whatever market you operate.
Tutorials - 1:1 or up to groups of 4.
Call now to discuss your requirements with
ARRIBA IBERO
Tel: 081 310 4437
Fax: 071 904 0771
8 Carill Way, Belvedere, Kent, DA17 5RE

THE COMPLETE SPOKESPERSON
■ A SELF-TEACH WORKBOOK
■ A COMPANY-SPECIFIC WORKSHOP
"one of the most comprehensive guides on handling media interviews on the market"
– British Institute of Management's *Management News*
For details: call 0273 585505 or send business card to
29 Tivoli Road, Brighton BN1 5BG

Computing Courses for Business
Database/Spreadsheet/WP/DTP/Network/Integrated Software.
Maximum 8 per course, 1 PC per delegate. Tailored & company courses supplied. Competitive prices and group discounts available
Ring for brochure or further details:
The Computing Education Centre
KINGSTON POLYTECHNIC
Tel: 081 549 7410 Fax: 081 546 5776

LANGUAGE TRAINING
Immersion is the best way
Spend 1, 2 or 3 weeks learning at a language school in Germany, France, Spain, Italy or Portugal with trained, native speakers. Intensive seminars or individual tuition available.
Ask for business brochure:
Euro Academy (FTX)
77a George Street,
Croydon CR0 1LD
Tel: 081 686 2363
Fax: 081 681 8850
ABTA 6910X

LANGUAGE COURSES ABROAD IN FRANCE - GERMANY - SPAIN - ITALY
Selected permanent schools in attractive locations. INTENSIVE COURSES tailored to specialist needs. All levels. Beginners accepted.
Brochure: Cambridge Advisory Service, Rectory Lane, Kingston, Cambridge CB3 7NL.
Tel: 0223 - 264089.

EXECUTIVE EDUCATION
The essential marketplace for all Business Courses
Appearing on the last Tuesday of every month, forthcoming dates will be:
30th OCTOBER 1990
For full advertising details please telephone:
Emma Stevenson on 071-407-5763
Fax: 071-873-3079

BUSINESSES FOR SALE

AT TRUST PLC

The Joint Administrative Receivers offer for sale the businesses of a number of the subsidiaries in this group. The businesses are operationally independent and comprise:–

ENGINEERING

The assets of Astra Engineering Division Ltd.

- ★ 50,000 sq. ft. modern, purpose-built leasehold factory close to the M6 in Birmingham
- ★ Turnover £3.5M
- ★ Substantial quantity of plant and machinery
- ★ Blue-chip customer base
- ★ Business areas include:
  - – metal pressing & fabrication
  - – air separation products
  - – electrical power distribution
  - – polymer filtration

CLOTHING

The assets of Splash Products Plc

- ★ Market leader in the design, printing and distribution of T-shirts and sweatshirts
- ★ 51,000 sq. ft. modern, fully-equipped leasehold property in Swindon
- ★ Approximately 1,000 customers
- ★ Substantial quantity of plain and printed shirts
- ★ Various royalty and licence agreements for well-known characters

GIFT SHOPS

The business of Cerex Jewels Ltd.
(not in receivership)

- ★ London's premier chain of 16 souvenir shops
- ★ Prime central London and West End leasehold sites
- ★ Long leasehold warehouse in Swindon
- ★ Highly profitable operation with turnover of £5M p.a.

RESTAURANT

The business of Astra Leisure Ltd. t/a Coconut Grove
(not in receivership)

- ★ Excellent West End location
- ★ Separate 150 cover restaurant and cocktail bar
- ★ New 25 year lease from December 1989
- ★ Turnover of approximately £1.4M p.a.

ADVERTISING/ MARKETING

The assets of Movie and Media Marketing Ltd.

- ★ Sports sponsorship and advertising business
- ★ Leasehold premises in Old Bond Street
- ★ Valuable advertising contracts

FINANCIAL SERVICES

Leasing – small ticket lease portfolio
– approx. 700 contracts
– substantial monthly rental profit

Insurance – small property and life assurance brokerage

PROPERTY INTERESTS

Including
- – Leasehold property in Baker Street
- – Prime freehold industrial units in Farringdon
- – Freehold warehouse in Coventry
- – Seven other investment properties in various locations including London, Glasgow, Birmingham and Northern Ireland

MERCHANDISING

The assets of The Chef's Apprentice Ltd.
(not in receivership)

- ★ Valuable licence to exploit the television series concept "The Chef's Apprentice".

For information regarding Astra Engineering Division Ltd. contact:

David Duggins
Arthur Andersen & Co.
One Victoria Square
Victoria Square
Birmingham B1 1BD
Telephone: 021-233 2101
Facsimile: 021-233 2954

For further information regarding other businesses contact:

Tony Brierley
Arthur Andersen & Co.
P.O. Box No. 55
1 Surrey Street
London WC2R 2NT
Telephone: 071-438 3773
Facsimile: 071-831 1133

ARTHUR ANDERSEN &CO

Touche Ross

P & D Leisure (Clwyd) Limited

Trading as Clwyd Lodge Hotel

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of P & D Leisure Limited, trading as Clwyd Lodge Hotel.

- ☐ Situated on main holiday route to North Wales.
- ☐ 21 bedrooms.
- ☐ Function Room.
- ☐ Bars and Restaurant
- ☐ 55 acres of land separately for sale including substantially developed 9 hole golf course.

For further information please contact the Joint Administrative Receivers, G.J. Watts or D. G. Elliott, at the address below.

(PO Box 500), Abbey House, 74 Mosley Street, Manchester M60 2AT.
Tel: 061 228 3456. Fax 061 228 2021.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Member DRT International

Touche Ross

Medical Examination Bureau

National Network

The business and assets of the above company are offered for sale.

- ☐ 800 centres – 85 with on-line computer link.
- ☐ Unique computer communication system.
- ☐ Massive market potential for insurance, corporate and personal medical risk assessment and healthcare.
- ☐ Worldwide application.
- ☐ Ready made point of entry for marketing of Practice Management Systems and other services.

For further details please contact Lindsay Denney or Sue Lewis at the address below.

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590060.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Member DRT International

EXCHANGE TRAVEL HOLDINGS LIMITED AND SUBSIDIARIES

Joint Administrators A J Katz, D C Lovett and J A Talbot offer for sale the assets of the business including:

- ∗ 64 leasehold shops which traded as licensed travel agencies until 20 September 1990 – locations throughout the UK.
- ∗ Travel and garage operation located in Gibraltar.
- ∗ Portfolio of commercial investment properties in the Exeter and Hastings areas.

For further particulars of the leasehold shops and travel operation please fax the Joint Administrators' office on 0424 720440.

For further particulars of the commercial investment properties please fax Weatherall Green & Smith on 0532 457413.

ARTHUR ANDERSEN &CO

YORKSHIRE PINE PRODUCTS LIMITED

The Joint Administrative Receivers offer for sale the business and assets of a manufacturer of pine furniture:

- ∗ Major manufacturer of bedroom and kitchen pine furniture with extensive customer base.
- ∗ Manufacturing site situated at Dalton, North Yorkshire close to the A1.
- ∗ Freehold retail outlet near to Thirsk racecourse.
- ∗ Comprehensive product range.
- ∗ Approximately 100 employees.
- ∗ Annual turnover approaching £4 million.

For further information contact:
Alan Katz or Kevin Mawer
Arthur Andersen & Co.
St Paul's House
Park Square
Leeds LS1 2PJ
Tel: 0532-438222
Fax: 0532-459240

ARTHUR ANDERSEN &CO

VEHICLE CONTRACT HIRE FLEET FOR SALE

Carflow Limited

(in Administrative Receivership)

- ∗ in excess of 200 contract hire agreements currently in force
- ∗ Nationwide customer base
- ∗ Monthly maintenance income
- ∗ Excess mileage income on completion of agreements

For further information please contact Mr J.B.R. Dare

KPMG Peat Marwick Corporate Recovery
Dukes Keep, Marsh Lane, Southampton SO1 1EX.
Tel: 0703 631465. Fax: 0703 223547.

BUSINESS SERVICES

DOING BUSINESS IN BERLIN?

Consulting/Brokerage and Sales. Commercial objects in all areas. Properties/Construction lots and buildings, Building activities, Property investments in Portugal.
Tereta Vermögensverwaltung GmbH & Co Grundbesitz KG (Tereta Financial Administration Ltd. & Co. Real Property Limited Partnership) Konstanzer Str. 10. 1000 Berlin 31
Telephone (010 49) 30 88 28 71
Telefax (010 49) 30 88 21 591.

INSOLVENCY AND FINANCIAL RESCUE

LEGAL ADVICE

Specialist legal advice given on all aspects of corporate and personal

Insolvency and rescue.

SPRECHER GRIER
(Solicitors)
Tel: 071 831 9027

BUSINESS SERVICES

DO YOU HAVE A PROBLEM ?

Does your company have potential and is in need of cash and/or advice either to solve current critical problems or long term growth?

We are a group of successful businessmen with financial, legal and marketing expertise, with substantial funds available to assist in such situations. Please write with background details to:

Ken Sanker, Lime Court Investments Ltd., 37 Balcombe St., Dorset Square, London NW1 6HH
Fax: 071 723 1082 Tel: 071 724 1839

A FIVE YEAR BUSINESS PLAN COMPLETED IN ONE DAY USING LOTUS 123

SAVE 200 HOURS OF PROGRAMMING FRUSTRATION with MBA Business plan. Produce a comprehensive 24 page, 5 Year Financial Forecast in one day. Can be updated monthly in under an hour. Easy to use computer programme supported by colour coded manual. "Best Business Plan I've ever seen" remarks one corporate Banker.
Price £85 + Vat
Contact Adaytum Systems, 10 Royal York Crescent, Bristol BS8 4JZ
Tel: 0272 737 442

TELEPHONE SERVICES

0898 0800 STD

Voice interactive computers — Sales Promotions, quizzes
Well trained operators — Information services
Integrated database system — Enquiry fulfilment

FLEXIBILITY - CREATIVITY - RESPONSIVENESS
FOR MORE INFORMATION CALL 0800 636 630

Mayfair London, W1

A truly cost effective alternative to leasing a full-time office. Our Business Identity Plans are ideal for both the frequent and infrequent business visitor to London and are designed to suit your Company's need to maintain a high profile office representation at a reasonable cost.

For full details please contact:-

Nightingale Secretariat,
3 Berkeley Square,
London, W1X 5HG

Tel: 071-629 6116
Fax: 071-491 4811

LEASING

Finest Rates Available

Minimum £250,000

Principals Only

Contact:
London: Alan Brown 0836 253778
Bristol: Peter Garner 0272 252678
Deacon Hoare & Co Ltd
Bankers
One Queen Square
Bristol 1

US AND INTERNATIONAL TAX SERVICES

For Corporate or Individual Planning. Resolution of Foreign Tax problems and Compliance Services.

Telephone: MacLeod International on U.K. (+44) (0) 730 816733 or Fax U.K. (+44) (0) 730 814339

HONG KONG TAILORS SUITS - BLAZERS - SHIRTS made to measure. Write to catalogue to: Bestailors, PO Box No. 90557, T.S.T., Kowloon, HongKong. Tel: (852) - 366 8621 Fax: (852) - 311 9769.

ARE YOU SECURE FROM TERRORIST ATTACK? Our total vehicle security system could resolve the problem. Transport Electronics Ltd. (0580) 713058/712492.

DUE TO THIS UNFORTUNATE ECONOMICAL climate we are able to offer telephone systems recently recovered from existing clients in liquidation, from as little as £295.00 installed -all areas. 081-542 8800.

Finance For Expansion by Factoring Specialist independent service tailor made for the small business with cash flow problems. County Factors Limited (0202) 660934

Expert pr writing, brochures, case histories, video scripts, all publicity at modest prices. Phone JMA 0881 22212.

THE BUSINESS SECTION ALSO APPEARS ON PAGE 2 TODAY

PAGE 2 TODAY

COMMODITIES AND AGRICULTURE

Moscow offers incentives to boost grain deliveries

By Quentin Peel in Moscow

THE SOVIET Government has announced new incentives to boost the state purchases of grain, including special access to cars and household goods, in an extraordinary measure underlining concern over the continuing shortfall of grain supplies.

Although no official figures have yet been given for the overall progress of the harvest, reports from many different parts of the country suggest that much of this year's bumper crop has been left rotting in the fields.

In the past 10 days some areas have reported that still barely 30 per cent of their crops have been brought in.

At the same time there is growing concern about the lack of vegetables, including potatoes, being supplied to major conurbations such as Moscow, in the Urals and in Siberia.

Heavy rain in central Russia, Belorussia and the Ukraine in recent weeks has already damaged both grain and vegetables left in the fields, because of a combination of factors including labour shortages, lack of transport, fuel shortages, and the refusal of farms to collect their crops without higher purchase prices.

However the problem of state grain purchases, which last year fell 27.3m tonnes short of the 86.3m-tonne target, has arisen again in spite of a virtual doubling in the purchase price for top grade wheat.

Now the Soviet Council of Ministers has approved an extraordinary scheme offering collective and state farms, as well as co-operatives, leaseholders and individuals, shortage goods in exchange for extra production.

Thus 1,000 tonnes of supplies above contract will earn various types of car, 500 tonnes would be enough for a house, and 40 tonnes a televisions set. The deal goes right down to the smallest production figures, with 25 tonnes earning a refrigerator, 0.5 tonnes a video cassette, or 10 audio-cassettes, and 0.1 tonnes – a vacuum flask.

The vegetable problem is also critical in the major cities, with Pravda, the Communist Party newspaper, warning yesterday that basic vegetables have disappeared from stores in Moscow and Urals industrial centres like Orenburg and Chelyabinsk.

One problem is that many vegetables have not been collected from the fields. Reports from Belorussia suggest that thousands of tonnes of potatoes are rotting there, and will prove virtually impossible to gather after the heavy rain.

The other problem, according to Pravda, is that the southern and central Asian republics, traditional suppliers of fruit and vegetables, have switched to more grain production in order to ensure their own self-sufficiency.

"This will surely affect people living beyond the Urals, where as little as 45 to 60 per cent of vegetables are grown locally," the newspaper said.

"In some districts of the Russian Federation, Ukraine, and Uzbekistan, vegetables are rotting just because the local authorities forbid the export of them to other regions."

Elsewhere the problem is that the local leaders "did not find incentives to recruit citizens" to help with the harvest. The newspaper also pinpointed yet again the critical state of Soviet storage facilities, suggesting that only one in five could be considered properly equipped.

Peru mine strike in sixth week

By Sally Bowen in Lima

THE STRIKE at Minero Peru, the state mining and refining company, has entered its sixth week amid indications that the union position was hardening. However, a vote late yesterday by workers at the Ilo copper refinery on whether to continue the stoppage was expected to give the lead to workers at other Minero installations.

The ten Minero unions successfully called a 24-hour "provincial stoppage" in the southern province of Ilo last Friday in protest at what they called "brutal police repression" and "continuing militarisation in mining camps." A striking miner had died from a bullet wound received when police broke up a demonstration earlier in the week.

More than 100 striking workers from the Cajamarquilla zinc refinery also occupied the company's Lima headquarters for several hours last week.

Almost all the 3,500 workers at Minero Peru's four mining installations – the Ilo smelter, the Cerro Verde mine and concentrator, the Cajamarquilla zinc refinery, and the gold-dredging operation of San Antonio de Poto – walked out on August 17 after the new board of directors refused to honour substantial wage rises awarded by the outgoing board two days before the change of government. the company's northern Bayovar phosphates plant has continued normal working, however.

Output of copper cathodes, produced at Minero's Ilo refinery under a tolling agreement with Southern Peru Copper Corporation, fell in August to 7,617 tonnes from July's 12,446 tonnes. Cajamarquilla's refined zinc output was down to 1,747 tonnes from 3,467 in July. Normal output at Cajamarquilla is between 7,000 and 8,000 tonnes a month, but it has been at about 50 per cent of capacity for some time because of energy supply problems.

The modern Cerro Verde mine and concentrator plant near Arequipa, however, has managed to maintain reasonable levels of output with the use of employees and some casual labour.

The strike is estimated to be costing about $350,000 a day.

Gold supply 'to fall from 1993'

INDEPENDENT FORECASTS of gold output to 1995, excluding the Soviet Union and China, point to annual supply falling from 1993 onwards, according to a study by the Metals and Minerals Research Services consultancy group for the World Gold Council, writes Kenneth Gooding.

Gold supply is forecast to rise from 1,650 tonnes last year to 1,778 tonnes in 1992 but then to fall to 1,744 tonnes in 1993, to 1,731 tonnes in 1994 and to 1,709 tonnes in 1995.

Over the period from 1989 to 1995, the average rate of growth in supply is therefore expected to fall to only 0.6 a year compared with the 7 per cent seen in the late 1980s, says the WGC, a promotional body supported by more than 90 western mining companies.

According to MMRS, the industry anticipates that the production slowdown will be bullish for the gold price. "Demand and supply fundamentals will be more in balance by the early 1990s and, given average investor demand levels, prices would be expected to improve."

It points out, however, that "there will no doubt be ore bodies in production in 1995 that are currently not known about." So the forecasts for the years between 1993 and 1995 can be only "indicative."

Brazilian blow to coffee pact hopes

By David Blackwell

BRAZIL, THE world's biggest coffee producer, yesterday dealt a fresh blow to any hopes that the International Coffee Organisation's export quota system could be revived in the near future.

Mr Joao Rodrigues Cunha, head of the Brazilian delegation, told ICO delegates in London that his country was seeking an extension of one year to follow the expiry of the current coffee agreement in September next year.

"During this time we can study the market situation and consult our producers and exporters (about the future of the agreement)," he said.

The news depressed prices in both London and New York. On the London Futures and Options Exchange (Fox) the price for November robusta fell by £16 to £594 a tonne. London dealers will today be reacting to whether the New York December arabica contract held above 94 cents a lb last night.

The agreement's system of export quotas, designed to support market prices, collapsed in July last year. Since then the agreement has continued with no economic clauses.

This year's annual talks of the ICO started last week, but the absence of the heads of the US and Brazilian delegations left little of substance to discuss. Delegates decided not to meet at all last Friday.

The arrival of the US and Brazilian delegates yesterday morning had been keenly awaited, but neither side has changed the stance which led to the collapse of the export quota system. Brazil, which has consistently rejected calls for it to accept a cut it its 30 per cent share of the ICO quota total, appears to have recognised that no further progress can be made.

"Brazil does not consider that the time is ripe to undertake a negotiation which would only reveal again well-known disagreements which a little over a year ago led to the collapse of the system," Mr Cunha told the ICO Council.

Informal consultations with other producers and consumers had given no sign that positions regarding the manner of co-operation on coffee had become closer, he said.

Mr Celso Amorim, head of the Brazilian foreign ministry's economic department, said the chances of an extension were good "because our proposal is reasonable."

EC ministers in no mood for big farm trade concessions

By Tim Dickson in Brussels

EUROPEAN COMMUNITY farm ministers yesterday gave a strong signal that they were in no mood for substantial concessions in the international trade talks known as the Uruguay Round.

Several voiced concern about the "crisis of confidence" in the Common Agricultural Policy – the result of falling prices and mounting surpluses in most major product regimes – and all appeared to back the resolute stance in the negotiations taken by the EC Agriculture Commissioner Mr Raymond MacSharry.

Interest in yesterday's EC Farm Council was heightened after the European Commission last Wednesday unexpectedly failed to adopt a proposal inspired by Mr MacSharry to cut farm supports by 30 per cent over the 10 years 1986-96.

Strong reservations were voiced by Mr Frans Andriessen and Mr Martin Bangemann, respectively the external relations and internal market commissioners, who want to tighten up part of the package as it now stands as well as making a clear commitment to reduce the EC's controversial export subsidies. It emerged last night that the Commission would not now reconsider the EC's Uruguay position until next week, when Mr MacSharry is expected to retable his original ideas.

THE UK Agricultural Supply Trade Association expects the country's cereals crop for 1990-91 to reach 22.9m tonnes compared with last year's 22.7m tonnes and the 1984-84 record of 26.2m tonnes. The association forecasts the wheat crop at 14.5m tonnes, up from 14m last year.

Anything other than strong support yesterday for Mr MacSharry's position – and for his authority as the EC negotiator on agriculture – would have been a setback. But there was palpable satisfaction in the Irishman's camp last night that he certainly got it.

In a discussion ostensibly on Anglo/French lamb difficulties minister after minister from other member states intervened to bemoan the state of the markets and in some cases call for additional relief. In particular the French said the limit on quantities taken into intervention stores in the beef regime should be raised.

In the formal dicussion on the Uruguay Round talks Mr John Gummer, the UK's farm minister, was supportive of the MacSharry approach and pointed out that it would be "tough" to explain a 30 per cent cut to EC farmers.

He added that Mr MacSharry would probably be pleased that certain member states seemed willing even to go that far.

Mr Henri Nallet, the French farm minister, called yesterday's proceedings "bizarre" in view of the fact that there was no formal proposal yet from the Commission. He stressed the importance of farm ministers having a chance to debate the issues before the October 15 deadline when submissions from all parties to the trade talks have to be tabled.

Mr Ignaz Kiechle, the German farm minister, was said to be the most unhappy about the mooted 30 per cent figure.

● Mr Nallet, told Mr Gummer yesterday that the Paris government would offer to compensate producers affected by the attacks on British lambs. He also said that the police presence would be strengthened at Calais, the port where much of the British meat enters France.

Ghana's high-flying pineapple exports

Air freight ensures premium returns for modest sales volumes writes William Keeling

IN THE markets of Accra and along many of the roads entering the city are stalls piled high with pineapples. Chattering market-women hold up fruit large as dumbbells and almost as heavy.

At about 14 pence a kilogram these pineapples are cheap, and getting cheaper every year. The local market is saturated with the fruit as a result, paradoxically, of Ghana's growing trade in fresh pineapple exports.

This year Ghana is expected to export over 10,000 tonnes of pineapples, a modest trade relative to the world market but an increase of over 100 per cent in three years.

More importantly, Ghanaian pineapples are regarded as among the finest in the world. Arranged on the shelves of supermarkets such as Marks and Spencer and Sainsbury, they attract a premium price for their freshness and high quality.

Ghana's success in the field may have come somewhat by default. Battling against the giant plantations of neighbouring Ivory Coast, Ghana's new breed of pineapple farmers have remained medium-scale. No farm currently exceeds 2,000 acres while their counterparts in the Ivory Coast are often 10 times that size.

The relatively low production has ruled out the use of low-cost sea freight. Instead, all of the pineapples exported by Ghana are flown to the country of destination and can be offered to the consumer within 48 hours of being harvested. The benefits Ghana loses from low quantity it gains through ensuring high quality.

The pineapple farmers are bullish about the future. Mr D.O. Safo, the owner of combined farms, is planning to expand his current 1,500 acres to 5,000 by 1995. This year he hopes to export over 4,500 tonnes, double his 1989 production.

In the past 12 months he has built a warehouse at Accra's international airport and has invested in an air-freight company, Cargo Dor, which operates a Boeing 707 to transport the pineapples from Ghana to Europe. As Mr Safo commented, "Now we have control over an efficient freight facility we can really consider expansion."

Storage and freight have been important limitations on the industry. In the past farmers have waited at their farms for news that the plane had arrived before transporting their fruit.

But there are additional restrictions which will be even harder to overcome if Ghana is to challenge the major pineapple producers. However efficient an export-orientated farm, at least one quarter of the fruit produced will fail to meet export-quality standards on size, sugar-content and acidity.

The farmer's problem is that the domestic food processing industry is in a shambles. There are just two canning factories, both of which are in dire need of rehabilitation and cannot take up the supply. Meanwhile the local food markets suffer a superabundance of the fruit.

The answer would be to encourage new investment in canning and juice extraction facilities. But while some potential investors have expressed an interest none have so far made any commitments. In part they may have been deterred by comments made by Flt-Lt Jerry Rawlings, the head of state, when he criticised foreign investors for being arrogant and corrupt at an investment conference in February.

Even those willing to disregard the political climate would still question whether Ghana can provide the economies of scale to justify investment. While the supply of pineapples is too great for the domestic market to absorb, it is still too small to warrant the construction of a factory for the processing of export-bound products.

In the same way, although exporters have to import large quantities of packaging for the fruit, no investor has been willing to build a suitable packaging plant in Ghana. Also hindering a large scale expansion of the industry is the parlous state of the banking sector. With stifling credit ceilings and huge bad debts, commercial banks have been unwilling to lend to agricultural ventures.

While waiting for the banks to be restructured, however, several interim support packages for the agricultural sector have been developed. The state-owned Agricultural Development Bank has put together a US$20m rural credit financing package for small-scale agricultural growers, including pineapple farmers.

In addition, an export finance company owned by eight insurance companies and the Ghana export promotion council is soon to be created. Designed to finance directly projects such as those within the pineapple sector and to offer guarantees to exporters and to commercial bankers, it is a step in the right direction. Its initial capital of $6.6m, however, is clearly inadequate to the task.

There are also plans to combine small-scale farmers into village co-operatives. But without the expertise or the back-up of the larger farms, the percentage of exportable fruit produced would certainly be below 50 per cent. And with no processing factory to take the surplus such co-operatives would struggle to break even.

The future of the pineapple industry in Ghana depends upon serious investors entering the market who are able to turn a profit simply through the export of fresh fruit. Whether this will occur must be in doubt.

The efficient Mr Safo achieves a 10 per cent return on his capital but newcomers would struggle for profitability. And though Ghanaian pineapples are the best, they are also a luxury.

The deciding factor is the premium consumers are willing to pay to have their fruit air-freighted to the dining-room table.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold rose sharply on the London bullion market as buying was prompted by rising oil prices and falling world stock markets. In New York December gold futures were well above $400 an ounce at midsession. One analyst said the advance through $400 had convinced some speculators to establish new long positions. A softer dollar and falling US stock prices helped, but "oil is calling the tune for all the markets." On the LME zinc fell to seven-month lows before trade buying and short covering halted the decline. Traders said the fall was a continuation of last week's downturn on bearish charts and ample physical supplies. Aluminium was also in retreat, but traders said the bull trend was intact despite the shake-out. Before the close the lower levels were already attracting renewed buying interest. Far East demand was expected to return today after yesterday's Japanese holiday, traders said. Copper prices also fell – bearish sentiment reflected expectations of a further sizeable rise today in already substantial LME warehouse stocks, traders said. On the BFE freight futures rose strongly – but traders said any rally was likely to be short-lived.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$33.70-3.85y	+3.05
Brent Blend (dated)	$40.80-0.70	+3.525
Brent Blend (November)	$38.20-8.35	+3.65
W.T.I. (1 pm est)	$39.80-9.82y	+3.635
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$445-450	+28½
Gas Oil	$353-354	+34
Heavy Fuel Oil	$140-142	+6
Naphtha	$378-381	+28½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$396.00	+6.75
Silver (per troy oz)♣	488c	+7.00
Platinum (per troy oz)	$451.25	+1.50
Palladium (per troy oz)	$101.00	-0.25
Aluminium (free market)	$2135	-85
Copper (US Producer)	130¾c	-¼
Lead (US Producer)	50c	
Nickel (free market)	483c	-22
Tin (Kuala Lumpur market)	15.50r	+0.12
Tin (New York)	274.0c	+1.00
Zinc (US Prime Western)	81.25c	
Cattle (live weight)†	101.42p	-0.36*
Sheep (dead weight)†	130.27p	+3.10*
Pigs (live weight)†	81.07p	-1.87*
London daily sugar (raw)	$280.6q	-4.40
London daily sugar (white)	$306.5q	-5.60
Tate and Lyle export price	£280.5	-4.00
Barley (English feed)	£116	
Maize (US No. 3 yellow)	£150w	+1
Wheat (US Dark Northern)	£84.2q	
Rubber (Nov)♥	52.75p	
Rubber (Dec)♥	53.00p	
Rubber (KL RSS No 1 Oct)	239.0m	+0.50
Coconut oil (Philippines)§	$275.0v	-8.00
Palm Oil (Malaysian)§	$282.5w	-2.50
Copra (Philippines)§	$196.0y	-2.50
Soyabeans (US)	£148.0	-0.50
Cotton "A" Index	81.70c	-0.50
Wooltops (64s Super)	438p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Oct	250.00	249.00	254.00 247.80
Mar	237.40	235.00	244.40 232.00
May	244.00	238.00	244.00 233.40
Aug	238.00	240.00	238.00 236.00
Oct	238.00	238.00	238.00
White	Close	Previous	High/Low
Dec	308.0	304.5	311.5 302.0
Mar	308.0	305.0	312.0 302.5
May	303.0	305.5	303.0 303.0

Turnover: Raw 2871 (2501) lots of 50 tonnes. White 1363 (381)
Paris- White (FFr per tonne): Dec 1624 Mar 1635, May 1640, Aug 1690, Oct 1665

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Nov	37.95	34.40	38.10 35.40
Dec	36.15	32.75	38.19 33.60
Jan	34.60	31.00	34.60 32.80
Feb	32.80	30.00	32.80 32.30
IPE Index	34.41	33.13	34.41 32.20

Turnover: 15520 (11949)

GAS OIL – IPE			$/tonne
	Latest	Previous	High/Low
Oct	343.25	305.60	344.00 317.00
Nov	336.50	300.50	336.75 312.00
Dec	330.00	298.00	330.50 310.00
Jan	320.00	291.00	320.25 305.00
Feb	308.00	280.00	308.50 302.00
Mar	293.50	265.00	298.50 290.00
Apr	280.50	254.00	280.50 278.00
May	278.00	260.75	278.00 278.00

Turnover 15538 (12844)lots of 100 tonnes

TEA
A strong demand prevailed for most descriptions, reports the Tea Brokers' Association. Bright liquoring Assams met good competition and sold well above valuation, while mediums were firm with plainest again difficult of sale. East Africans sold readily, others irregular. Central Africans well supported and ruled firm to 5p higher. Ceylons met useful demand at firm to dearer rates. Offshore teas saw fair enquiry with brighter lines fully firm, others irregular. Quotations: Quality 220p nominal, medium 125p, low medium 88p.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Sep	728	712	728 716
Dec	757	746	770 741
Mar	792	780	805 781
May	813	803	826 808
Jul	833	824	841 833
Sep	853	845	865 853

Turnover: 4073 (1583) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 21 971.61 (960.55) 10 day average for Sep 24 979.81 (979.34)

COFFEE – London FOX			£/tonne
	Close	Previous	High/Low
Sep	571	583	576 571
Nov	593	610	615 589
Jan	607	624	628 603
Mar	600	615	610 597
May	611	625	617 611
Jul	625	638	625
Sep	640	649	640

Turnover: 5844 (4038) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 21: Comp. daily 75.47 (75.13). 15 day average 76.37 (76.59)

POTATOES – BFE			£/tonne
	Close	Previous	High/Low
Nov	80.0	79.0	80.0 80.0
Apr	132.1	132.4	133.6 132.1
May	148.0	148.0	148.0 148.0

Turnover 127 (109) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne
	Close	Previous	High/Low
Oct	105.00	116.75	105.00

Turnover 5 (15) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/index point
	Close	Previous	High/Low
Sep	1190	1172	1190 1190
Oct	1204	1162	1215 1155
Jan	1208	1163	1220 1160
Apr	1210	1160	1220 1150
BFI	1179	1186	1179 1179

Turnover 369 (497)

GRAINS – BFE			£/tonne
Wheat	Close	Previous	High/Low
Nov	113.45	113.85	113.75 113.40
Jan	117.65	117.90	117.90 117.70
Mar	121.25	121.65	121.65 121.20
May	124.80	124.90	124.90
Barley	Close	Previous	High/Low
Nov	112.00	112.60	112.60 112.00
Jan	116.15	116.60	116.60 116.15
Mar	119.20	119.60	119.60 119.20
May	120.40	120.50	120.60

Turnover: Wheat 74 (105), Barley 167 (42).
Turnover lots of 100 tonnes.

PIGS – BFE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Nov	105.9	106.2	106.0

Turnover 15 (23) lots of 3,250 kg

LONDON METAL EXCHANGE						(Prices supplied by Amalgamated Metal Trading)
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 14,141 lots
Cash	2095-100	2225-30	2130/2125	2130-5		
3 months	1985-90	2095-8	2072/1955	2030-2	1990-2	71,085 lots
Copper, Grade A (£ per tonne)						Total daily turnover 20,786 lots
Cash	1441-3	1575-80	1500/1497	1497-9		
3 months	1455-6	1507-8	1469/1452	1459-61	1460-2	110,102 lots
Lead (£ per tonne)						Total daily turnover 1,325 lots
Cash	432-3	441-3	435/431.5	432-2.5		
3 months	444-5	452-3	450/443	443.5-4	445-6	10,936 lots
Nickel ($ per tonne)						Total daily turnover 3,067 lots
Cash	10100-200	9800-50	10150	9975-10000		
3 months	9975-80	9650-75	10150/9800	9875-900	10000-50	9,092 lots
Tin ($ per tonne)						Total daily turnover 2,907 lots
Cash	5850-70 5880-5	5805-25	5885/5885			
3 months	5960-80	5920-40	6030/5980	5975-80	6020-30	7,046 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,012 lots
Cash	1408-13	1480-5	1420/1410	1412-5		
3 months	1362-7	1417-8	1400/1362	1367-70	1378-80	19,451 lots

LME Closing £/$ rate:
SPOT: 1.8815 3 months: 1.8521 6 months: 1.8267 9 months: 1.8042

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	395¼-396¼	210½-211
Opening	389¼-389¾	209¼-210¼
Morning fix	390.15	209.477
Afternoon fix	392.60	208.999
Day's high	396¼-397	
Day's low	389¼-389¾	
Coins	$ price	£ equivalent
Mapleleaf	405-410	215½-218½
Britannia	405-410	215½-218½
US Eagle	405-410	215½-218½
Angel	405-410	215½-218½
Krugerrand	395-398	210-212
New Sov.	93-95	49½-50½
Old Sov.	93-95	49½-50½
Noble Plat	458.15-465.45	243.95-247.85
Silver fix	p/fine oz	US cts equiv
Spot	257.25	482.90
3 months	265.75	492.20
6 months	275.85	502.70
12 months	293.70	528.05

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1900	195	94	27	99
2000	128	58	58	158
2100	77	31	107	231
Copper (Grade A)	Calls		Puts	
2600	172	136	30	91
2700	107	90	64	142
2800	60	57	116	206
Coffee	Nov	Jan	Nov	Jan
550	48	70	5	12
600	17	39	24	31
650	4	21	61	63
Cocoa	Dec	Mar	Dec	Mar
700	75	118	18	26
750	45	87	38	45
800	25	62	66	70
Brent Crude	Nov	Dec	Nov	Dec
3000				135
3050				
3100		420		110

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Sep 24	Sep 21	mnth ago	yr ago
	1787.8	1801.5	1770.0	1867.5
DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 21	Sep 20	mnth ago	yr ago
Spot	129.62	128.09	133.06	129.84
Futures	134.33	131.48	131.75	130.24

Commercial Property Advertising

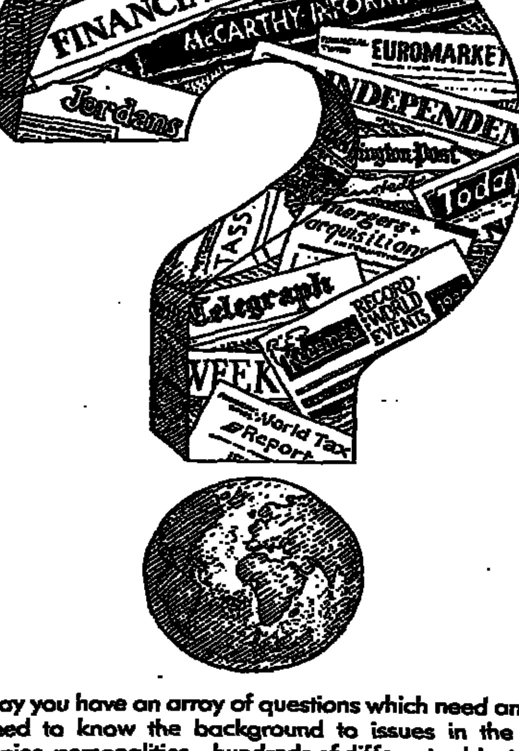
appears every Friday

For further information in North America please call:
JoAnn Gredell
212 752 4500

or write to her at
14 East 60th Street
New York, NY 10022

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

WHAT ON EARTH WOULD YOU LIKE TO KNOW



Everyday you have an array of questions which need answers. You need to know the background to issues in the news, companies, personalities – hundreds of different subjects. How do you research them all?

FT PROFILE is an online database that makes it easy! You can track down the answers you need in seconds from newspapers, newswires, business magazines, company reports and specialist market research. Millions of articles from leading publications like the Financial Times, The Guardian and the Associated Press newswire are available instantly.

For more details contact FT PROFILE on 0932 761444

FT PROFILE is part of the Financial Times Group.

LONDON STOCK EXCHANGE

FT-SE Index falls below 2,000 mark

RISING OIL prices, reflected in a weak opening to the new session on Wall Street, yesterday overwhelmed a UK stock market already grappling with worries over the domestic economy. After rallying from an early fall, the market fell steeply in later trading to close 35.2 FT-SE points off at 1,990.3, its first close below 2,000 for nineteen months and the lowest level since January 1989.

Trading volume, as measured by the Seaq system, was high, but the day's total was swollen by substantial deals in the Beta, or second line issues. Intra-dealer activity was also high and tax-loss trading, in which stock is sold overnight

Account Dealing Dates		
*First Dealings:		
Sep 10	Sep 24	Oct 8
Option Declarations:		
Sep 20	Oct 4	Oct 18
Last Dealings:		
Sep 21	Oct 5	Oct 19
Account Day:		
Oct 1	Oct 15	Oct 29

*New-time dealings may take place from 8.30 am two business days earlier.

for repurchase the following morning, increased after County NatWest, a leading UK marketmaker, advised clients that "all our market indicators are flashing that equities are a screaming buy."

Shares opened lower after Mr John Major, the UK Chancellor of the Exchequer, indicated in Washington that he had no present plans at present to lower interest rates. A blunt answer to the Confederation of British Industry, which had disclosed that the confidence of its members in the economic outlook had fallen to a ten-year low.

Some marketmakers took the opportunity presented by the early fall of 14 Footsie points to buy stock in order to close short positions, and the market was already looking steadier when it was further encouraged by the news that the UK monthly trade deficit had shrunk to £1.13bn in August, better than predicted by analysts. At mid-morning the market was only 7.1 Footsie points down.

However, sentiment soon turned off as crude oil prices moved ahead sharply in London, taking the Brent spot price above $40 a barrel – the consequent firmness of sterling was discouraging for the export stocks. Equity traders soon caught the hint of a weak start to the new Wall Street session, but the reality of a 52 Dow points loss in London hours was much more than the UK market expected.

UK share prices quickly slid away, and at worst the market was more than 38 Footsie points off, although most of the late fall reflected little more than marking-down operations by marketmakers unwilling to take stock on their books. Seaq volume totalled 500.3m shares against 553.7m on Friday, but was boosted by the substantial rise in Mount Charlotte Investments, the hotels group, in the face of a £644m bid from Brierley Investments, which disclosed that it had bought the 10.1 per cent stake in Charlotte previously held by the Kuwait Investment Office.

The tone of the UK market was flat at the close as traders in London watched with dismay the trend of crude oil prices – and share quotations – on the other side of the Atlantic.

Brierley bids for Charlotte

A BID by Sir Ron Brierley, the New Zealand entrepreneur, for hotel group Mount Charlotte shone a thin ray of light into the gloom of the market. Sir Ron was said by analysts to have paid 72p a share for the Kuwait Investment Office's 10 per cent holding in Mount Charlotte, taking his holding past 29.9 per cent.

His 73p bid was the lowest possible under takeover rules - he had bought stock at just less than 73p in the last 12 months. However, Ms Lindsay Russell at BZW claimed that the average price paid by Sir Ron since beginning to buy the company's stock two years ago was more than 80p a share.

Mr Paul Slattery at Kleinwort said the bid was "cheeky," pointing out that the company's net asset value is 122p a share. But he conceded that it was hard to see who might come in as a white knight. Mr Bruce Jones at *Smith New Court* argued that, if successful, Sir Ron was unlikely to change top management since he did not have in-house expertise in the hotel business.

Analysts and marketmakers agreed that Sir Ron's 40 per cent holding meant that he could gain control even if most of the other shareholders felt the offer was too low. Researchers said that enough fund managers might be tempted by the cash in a falling market and the boost to a fund's quarterly performance to hand over the necessary 10 per cent.

Mount Charlotte climbed 11 to 70½p, mid price. No marketmaker was offering the stock at more than 73p as the market closed.

More pain

Trafalgar House suffered another painful session as concern grew ahead of the announcement of the year's results. James Capel, the agency broker, was believed to have tried unsuccessfully to place 4.8m shares at 170p a share, and the gloom brought on by a series of recent downgradings deepened. The shares were pushed down to 168p before a rally left them at 170p, a loss of 14 on the day.

Doubts re-emerged over the property and construction group's ability to maintain the final dividend, and one researcher suggested that the shares could face further turbulence in the approach to December's annual results.

Construction shares were marked down at the start of a week that could be a key test for market sentiment, with interim results due from several leading concerns. Beazer shed 8 to 101p ahead of Thursday's release of annual results. The latter are expected to show pre-tax profits of £105m, against £131m, according to Shearson Lehman, although Hoare Govett is looking for £95m. Meanwhile, today Tarmac is expected to announce a drop of one-third in interim profits to £98m from £154m.

Steetley moved up sharply as the interim figures came out better than anticipated. But the sharp profit rises in European construction ventures - notably in France and Spain - were offset by a downturn in UK turnover, and the price ended just a penny higher at 325p. Elsewhere, Countryside Properties fell 12 to 72p.

The latest rise in crude oil prices, to around their highest levels for some 10 years, failed to produce much action in an oil and gas sector more concerned about the affect of recession on the petrochemicals business. The latter provided 20 per cent of Shell's operating profits and some 18 per cent of BP's in 1989.

BP closed 3¼ off at 365p with only 4.8m shares traded. Shell were a shade firmer at 480p ex-dividend on 3.7m shares. British Gas eased 2½ to 216½p on 4.9m.

Chemical issues were lower on fears that profits would be hurt by the surging price of oil. Hickson International dropped 9 more to 106p and Evode, rated a sell by BZW, fell 9 to 97p. Broker downgradings in the wake of last week's disappointing interim profits put Foseco down 5 further to 163p.

Recently depressed Wardle Storeys, however, rallied 3 to 218p. Brent Chemicals found support after revealing half-yearly results slightly higher than anticipated and improved 4 to 137p.

Leigh Interests continued the decline which began last Tuesday on the agreed bid for H.T. Hughes. Leigh shares, 296p prior to the announcement, lost 15 further to 280p.

The insurance sectors were among the worst performing areas of the market. The life insurers were given a thorough shaking, with Legal & General singled out by one UK securities house and sold down to 346p ex-dividend, before settling a net 16 off at 349p; turnover in the shares, however, was a meagre 1.1m.

Prudential, on the other hand, was helped by news that the group is selling its Belgian insurance subsidiary Compagnie d'Assurance de l'Escaut to French insurance group AGF for £157m; "a good price," noted one dealer. Pru shares were only 2 off at 194p, also ex-dividend.

There were two big losers in composites, General Accident and Royal. There was aggressive selling of the latter as the market picked up hints that the company could be about to launch a euro-convertible rights issue. Royal shares fell back to 334p before stabilising and closing a net 19 lower at 337p on turnover of 1.8m.

A bearish note issued by BZW took its toll of General Accident (GA), whose shares retreated 15 to 428p, after 423p, on volume of 840,000. BZW's David Hudson said that if the newly elected New Democratic Party in Ontario, Canada, carried out its threat to nationalise private motor insurance in the province, then he estimated that General Accident would stand to lose £200m of premium income (6 per cent of its worldwide non-life business) with no compensation.

Mr Hudson also pointed out that the bulk of GA Ontario auto book is written by specialist underwriter Pilot, which has consistently been in underwriting profit, making it one of the most significant contributors to GA's group profits. He increased his forecast of losses in 1991 from £15m, to £30m, and his estimate of losses in 1992 from £7m, to £20m.

Insurance broker Lloyd Thompson slipped 2 to 276p after the preliminary figures. Willis Faber declined 8 to 204p on news that US group Aon is dropping out of the race for control of Corroon &Black, the US insurance broker, having failed to gain the agreement of the Corroon board. The latter said it will pay a special dividend of $2.50 a share conditional on the Willis/Corroon bid being approved by the respective shareholders.

The high street banks performed creditably, with Abbey and TSB notably firm against the wider market. Standard Chartered, however, fell 13 more to 289p and were badly affected by worries about corporate failures and bad debts.

The announcement that one of Simon Engineering's subsidiaries, Simon-Hartley, has won a £9m contract to upgrade eight water treatment sites for Southern Water failed to impress and the shares eased 5 to 313p.

Folkes Group eased to 58p after the company held an extraordinary meeting to approve the acquisition of the liabilities of Walter Somers, the company linked to the manufacture of an Iraqi supergun, and Crank and Forge.

The listing of Blackwood Hodge was suspended at 21p as market sources suggested that the company was in talks with BM Group, whose shares were also suspended. It is believed that a merger between the two companies will be announced shortly.

British Aerospace maintained the recent volatility prompted by worries over a potential Saudi order for Tornado aircraft and ended 11 lower at 534p ex-dividend.

The recent profits downgrades by analysts continued to bear heavily on British Telecom, which lost 5 to 259p, and Cable and Wireless, 12 off at 416p.

Racal Electronics, one of the ten worst performing stocks in the Footsie since the beginning of the year, dropped 7 more to 139p with almost 5m shares changing hands.

GEC attracted good two-way interest with 4.3m shares traded; the shares were only marginally easier at 176p.

County NatWest recently cut its forecasts for the group to "reflect the impact of likely adverse currency movements, lower interest receivable and a patchy performance in some of their smaller businesses."

For the current year County reduced its pre-tax profits estimate from £950m to £910m, while for next year they went down from £1.035bn to £980m. However, County upgraded its stance on the shares from negative to neutral, taking note of its defensive strengths in the current environment. Salomon Brothers issued a straight buy note on the stock, highlighting its solid earnings growth.

Oil prices continued to bite at *P & O*, which retreated 7½ to 467p ex-dividend. Eurotunnel again fell amid growing fears over the absence of any announcement about a refinancing package. The shares lost 5 to 390p.

Severn Trent Water was believed to have purchased more stock of Caird Group yesterday at 100p, the price of Severn's conditional bid, and could now be holding around 26 per cent of the company. Caird shares settled slightly firmer at 101p, while those of Severn dipped 5 further to 208p.

A 700,000-share cross accounted for much of the 2.3m turnover in Ranks Hovis McDougall, which slipped 14 to 284p.

Unigate survived some wary comment from James Capel and ended unchanged at 295p, having peaked earlier at 298p.

Argyll eased 2 to 233p in spite of a profits upgrading from Hoare Govett in the wake of a meeting with the company on Friday. The broker's new current year estimate is £13m higher at £283m and it said that sales were improving and margins were 1 per cent higher than last year. Argyll is also meeting other securities houses.

A renewed pledge to retain high interest rates by Mr John Major, UK Chancellor of the Exchequer, weighed heavily on the property sector. Sentiment was also undermined by the proximity of quarterly interest payments due at the end of this week. The more easily traded stocks bore the brunt, irrespective of whether they, like some smaller and more illiquid companies, are likely to struggle to maintain the confidence of their bankers.

Leading stocks were also marked down as a result of the suspension of Rodamco shares, a leading Dutch property concern with an interest in Hammerson. The latter lost 24 to 518p, although dealers were quick to point out that, on a turnover of just 200,000, the price reflected more a markdown than a heavy volume of stock coming on offer.

Land Securities weakened 13 to 454p in a move described as a fall into line with losses elsewhere. There was a markdown of 7 to 419p for MEPC. Mountleigh also suffered heavily, closing at 58p to register a loss of 15.

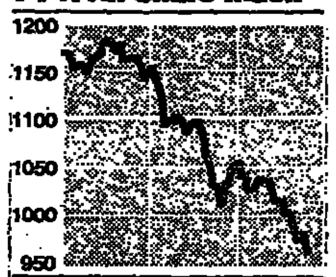
Brent Walker staged a brief rally ahead of figures expected later this week. But the market then appeared to have second thoughts and the shares ended a penny off on the day at 119p.

An interim profits rise from £50.3m to £56.2m helped Hays buck the market trend. Shares in the business services group, which was floated on the stockmarket last autumn, held steady at 95p.

The disclosure by MAI, the information and financial services group, of annual profits comfortably above market expectations offset the managing director's caution about current trading prospects and sent the shares 3 higher to 91p. Rutland Trust, also a financial services company, reacted sharply after reporting a 11 per cent shortfall in interim profits and closed 8 down at 11p.

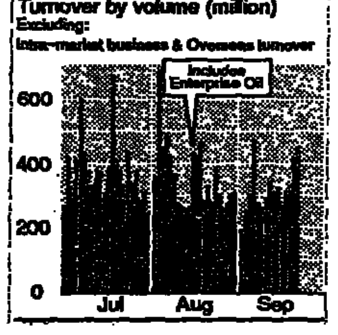
■ Other Market statistics, including the FT-Actuaries share index, Page 25

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Sept 24	Sept 21	Sept 20	Sept 19	Sept 18	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.45	78.56	78.41	78.45	78.29	85.82	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.63	86.62	87.00	87.01	87.04	96.09	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1510.4	1537.3	1531.1	1576.1	1576.8	1937.3	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	184.6	186.1	184.9	182.7	188.2	208.2	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	1990.3	2025.5	2016.9	2065.8	2064.0	2359.6	2463.7 (3/1)	1990.3 (24/9)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	6.29	6.17	6.21	6.02	6.02	4.20				
Earning Yld %(full)	13.19	12.94	13.02	12.63	12.63	10.06				
P/E Ratio(Net)(☆)	9.19	9.37	9.30	9.60	9.60	11.97				
SEAQ Bargns 4.45pm	20,024	25,895	20,985	17,418	17,615	21,436				
Equity Turnover(£m)†	-	834.90	917.83	742.22	639.93	629.65				
Equity Bargains†	-	24,955	20,484	16,968	16,167	20,883				
Shares Traded (ml)†	-	451.9	407.3	334.5	312.2	262.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.04

Ordinary Share Index, Hourly changes — Day's High 1534.9 — Day's Low 1506.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1528.4	1522.2	1524.8	1527.1	1533.9	1531.2	1529.1	1521.2	1508.0

FT-SE, Hourly changes — Day's High 2018.4 — Day's Low 1986.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2011.3	2003.2	2008.0	2009.2	2017.1	2015.0	2012.9	2002.9	1988.0

GILT EDGED ACTIVITY

Indices*	Sept 21	Sept 20
Gilt Edged Bargains	78.5	74.9
5—Day average	77.4	79.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	2,000	141	-8	Courtaulds	783	289	-7	Manpower	24	57	-3	Smith & Nephew	602	99½	-1½
ASDA Group	871	110	-2	Dalgety	53	347	-3	Marks & Spencer	2,200	212	-4	SmKl Beecham	1,800	534	-13
Abbey National	1,500	199	+1	Dixons	1,700	117		Maxwell Comms.	3,800	158	-3½	SmKl Beecham Units	22	2365	-60
Allied-Lyons	1,600	428	-10	ECC Group	81	394	+2	Midland Bank	1,300	209	-3	Smiths Inds.	65	188	-1
Amstrad	1,300	51		Enterprise Oil	928	662	+3	NatWest Bank	2,700	282	-5	South West Water	317	228	-3
Anglian Water	1,600	234	-4	FKI	303	48	-1	Next	1,000	29	-1	Southern Water	621	303	-4
Argos	637	219	-4	Ferranti	1,300	16	-1	North West Water	1,500	224	-4	Standard Chartd.	1,100	289	-13
Argyll Group	1,400	233	-2	Fisons	875	348	-7	Northern Foods	421	325	-4	Storehouse	8,500	128	+1
Ass. Brit. Foods	258	336		Gen. Accident	840	428	-15	Northumbrian Water	84	230		Sun Alliance	729	284	-4
BAA	813	375	-3	General Elect.	4,200	176	-1	Pearson	524	633	-7	Sun Life	41	873	-10
BAT Inds.	1,500	534	-9	Glaxo	1,500	716	-8	P & O	1,100	467	-7½	T&N	65	144	-1
[illegible]															

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (4).
BRITISH FUNDS (2) OILS (2).
NEW LOWS (523).
AMERICANS (8) BANKS (22) BREWERS (3) BUILDINGS (27) CHEMICALS (14) STORES (21) ELECTRICALS (37) ENGINEERING (30) FOODS (9) HOTELS (1) INDUSTRIALS (107) Alfa-Laval B, Allied Part., Anglo United, Assoc Brit. Consultants, A. B. Ports, Assoc Nursing Servs., Avon Rubber, BBA, Do. 8.7pc Pf., BBA, BET, BOC, BSS, BTR Nylex, BTR Warants 1992/3, Baird (Wm), Barry Wehmiller, Beckenham, Billam (J), Bilston & Battersea, Black (P), Brammer, Bridgend, Brit. Polythene Inds., Brown & Tawse, Business Tech., CMB Pack., Cannon Street Invs., Campbell & Armstrong, Charter Cons., Christies Intl., Cloythire, Community Hospitals, Computer People, Cosalt, Courtaulds, Courtney Pope, Dobson Park, EFG, EIS, Elbief, Eleco, Erskine Hse, Fletcher Chlnge., Goode Durrant, Grampian, Granada, Do. 7½pc Cv., Grovewood, Hampson Inds., Handley-Walker, Harris (P), Havelock Europa, Hawtin, Hewitt (J), Johnson Cleaners, Johnson Matthey, Kershaw (A), Kitty Little, Lilleshall, Linton Park, Macfarlane, Magnolia, Mayborn, Metsec, Morgan Crucible, NMC, Nestor-BNA, Norfolk Hse, Nu-Swift, Oriflame, PCT, Page (Michael), Petrocon, Portmerion Potteries, Powell Duffryn, Proteus Intl., RKF, Record, Rexmore, Ricardo, Scapa, Scot. Heritable Trust, Securicor "A", Securiguard, Security Services, Sheldon Jones, Shiloh, Sidlaw, Silverminea, Sketchley, Stag Furniture, Southern Business, Stocklake, Swallowfield, T & N, TT, Trafalgar House, Unigroup, Vinten, Wassall, Whitecroft, Wilkes (J), Wood (A), Wyko, Wyndham, YRM, INSURANCE (9) LEISURE (15) MOTORS (3) NEWSPAPERS (7) PAPERS (22) PROPERTY (38) SHOES (1) SOUTH AFRICANS (2) TEXTILES (13) TOBACCOS (1) TRANSPORT (8) TRUSTS (118) OILS (2) OVERSEAS TRADERS (4) MINES (19).

APPOINTMENTS

Nationwide legal chief

Mr Charles Reed (*pictured*) has been appointed assistant general manager, legal services, at NATIONWIDE ANGLIA BUILDING SOCIETY, with responsibility for the legal and securities department. He was regional sales manager for Essex.

■ Patrick Cockell has been appointed managing director of MANUFACTURING SYSTEMS PRODUCTS. He was sales and marketing director.

■ THOS. R. MILLER & SON (HOLDINGS) has appointed Mr E.R.G. Clarke as deputy managing director of Thos. R. Miller (Energy Insurance Services) from October 1.

■ PILGRIM FOOD GROUP, Hull, a newly-formed company which recently acquired Chaucer Foods from Hazlewood Foods, has appointed as its managing director Mr Colin Hunter, who remains managing director of Chaucer.

Mr Robert A. Cosby, a merchant banker, becomes chairman of Pilgrim. Mr John Simons, finance director of Hazlewood Foods, and Mr Kenneth Murray, of Charterhouse Development Capital, become non-executive directors, representing their companies which each has a 25 per cent holding in Pilgrim. Mr Lawrence Boxall has been appointed operations director of Chaucer. The company manufactures croutons.

■ NEWCHURCH & CO, a venture consultancy company, has appointed Mr Nigel Foxwell as director of consulting. He was with Epson (UK) as director of finance and head of sales.

■ DENTS GLOVES, part of the Dewhurst-Dent group, has appointed Mr John Roberts as managing director. He was senior merchandise controller with the Childrens World subsidiary of Boots Co.

■ ROYAL MAIL PARCELFORCE has appointed Mr Jim Woodman as director of operations. He was with Federal Express, as managing director, priority services division, and replaces Mr Keith Webb who has retired.

■ HALL & TAWSE, a Raine Industries subsidiary, has appointed Mr Bob Glibbery as managing director of the southern construction division. He was deputy managing director of Hall & Tawse Southern.

Mr Peter Davies (*pictured*) has been appointed managing director of DHL INTERNATIONAL (UK). He joined the company in March from Quantas where he was regional freight manager, Europe and Middle East.

■ PROVIDENT FINANCIAL GROUP has appointed Mr John Lomas as director of human resources.

■ REUTERS HOLDINGS is making the following structural changes from October 1. Mr Buford Smith, senior vice president, marketing and development, Reuters Information Services Inc, US, becomes senior vice president, information product technology.

Mr David Morgan, general manager, trading room systems, is made marketing director, and Mr Martin Vickery operations director of Reuters Europe, Middle East and Africa.

Mr Mark Wood, editor-in-chief, will assume control of development specifications for real-time and historical news products.

Mr Peter Benjamin, managing director, Reuters Historical Information, is appointed director, special projects, with global responsibility for acquisitions.

HAWKER SIDDELEY has appointed Dr Christopher Burns to the group executive, with responsibility for the aerospace division, from the end of September.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13⅞	£9½	ABN Amro Fl5	£9½	+⅛	Q28%	2.1	8.4	5.6
303	184	ANZ $A1	184	......	44c	1.4	10.3	6.9
•274	172	Abbey National 10p.	199	+1	5.7	4.3	3.8	8.1
•274	144	Allied Irish Ord.	146	–2	Q40%	3.3	6.1	6.6
85	50	Anglo Irish	50	......	tQ18.7%	2.7	8.4	7.2
93	63	Ansbacher (H.) 1p	63	......	2.5	1.3	5.3	18.1
£71⅛	£35⅞	Bancaire Cie Fr100	£35⅞	–2⅛	tt012¾%	–	3.7	–
£22⅞	£13⅞	Banco Bilbao Viz	£14	......	Q49.1%	2.7	5.7	9.6
286	146	Bank Ireland Ir£1	148	–1	Q14.7%	2.9	8.9	5.2
£19½	£18	Bank Leumi	£19½	......	–	–	–	–
350	320	Bank Leumi (U.K.)	350	......	†15.0	–	5.7	–
125	101	Bank Scotland	101	–4	4.55	3.3	6.0	6.7
100¼	83½	Do. 9¼pc Irrd Pf.	95½	–½	9¼%	–	12.9	–
54	39	Bank of Wales	42	......	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	298	–3	tt19.57	3.5	8.8	4.1
22	11	Benchmark 20p.	11	......	0.75	♦	9.1	♦
335	247	Brown Shipley £1	247	–8	12.0	2.2	6.5	8.0
•435	293	Cater Allen £1	295	–4	N24.5	–	11.1	–
179	62	Chancery	62	–2	9.0	2.7	19.4	2.5
£23¼	£16¼	Commerzbk DM10	£26¼	–¼	Q18%	–	3.8	–
£13¼	640	Dai Ichi KBk Y50	640	–18	Q17%	♦	0.5	♦
'£313⅞	£208½	Deutsche Bk DM50	£208½	–3⅞	Q28%	–	2.3	–
£20⅞	£15¼	Espirito Santo	£15¼	–⅛	Q75c	5.1	2.6	7.5
253	169	First Nat. Fin. 10p.	169	–1	13.0	2.1	10.3	5.8
121	86	FNFC 6.3pc Cv. Pf.	86	–2	6.3%	–	9.8	–
£13⅛	724	Fuji Bank Y50	729	......	Q17%	♦	0.4	♦
325	262	Gerrard & National	272	–4	19.0	–	9.3	–
154	109	Guinness Mahon 10p	109	......	2.1	–	2.6	–
328	194	Hambros 20p.	203	–4	11.5	–	7.6	–
128	90	Do. 7.5pc Cv Pf.	90	–1	7½%	–	11.1	–
53½	34	HK & Shang. HK$2.50	34	......	tt0.38c	–	7.5	–
478	393	Joseph (Leo) £1	393	......	15.85	–	5.4	–
150	106	King & Shaxson 20p.	106	–5	10.25	–	12.9	–
422	263	Kleinwort Benson Grp.	263	–5	16.0	2.5	8.1	6.2
642	330	Kyowa Bank Y50	332	+2	Q14%	♦	0.8	♦
316	222	Lloyds £1	236	+1	†13.3	2.6	7.5	5.5
56	44	Lon. Scot. Bank 10p.	46	......	†2.4	1.9	7.0	9.1
404	192	Midland £1	200	–3	†18.0	2.6	12.0	4.2
£14½	£10⅞	Mitsubishi Bank Y50	£10⅞	......	Q17%	♦	0.3	♦
£12¼	£4⅞	Mitsubishi Tst & Bk Y50	£4⅞	......	Q17%	12.4	0.7	12.1
£10⅞	£5¼	Mitsui Taiyo Kobe Y50	£5¼	+⅛	†Q16%	6.0	0.6	31.1
904	447	Mitsui Tst & Bk Y50	459	+3	Q17%	♦	0.7	♦
326	263	Nat Aust. Bk. A$1	263	–5	§Q50c	1.6	8.2	7.6
368	227	NatWest £1	232	–5	†16.7	3.3	9.6	4.2
£210	£120	Ottoman Bank	£120	–15	Q110%	2.8	9.2	3.9
55	31	Rea Bros. Group	31	......	0.5	3.2	2.2	15.5
227	119	Royal Bk. Scotland	121	–2	†7.2	3.8	7.9	4.3
795	368	Saitama Bank Y50	414	+3	Q14%	♦	0.6	♦
£12¼	601	Sanwa Bank Y50	601	–31	Q17%	6.7	0.5	28.3
902½	613	Schroders £1	613	–20	h12.5	5.9	2.7	8.2
712½	413	Do. £1 N/V	413	–15	h12.5	5.9	4.1	5.5
£25¼	£13⅛	Sec. Pacific $10	£13⅛	–1⅛	Q52.52	–	10.3	–
616	288	Standard Chartd. £1	289	–13	35.0	1.4	16.1	(5.4)
£16⅛	£6½	Sumitomo Bank Y50	£6½	......	h0.16%	7.5	0.4	29.0
£11	£4⅞	Sumitomo Tst & Bk Y50	£5¾	+⅛	Q17%	6.9	0.7	22.8
147	114	TSB	118	+2	†5.8	2.5	6.6	7.7
175	126	TSB Bank Ch'nel Is'l	130	......	†Q6.7	3.5	5.2	6.5
£11⅛	£5½	Tokai Bank Y50	£3¾	+⅛	Q16%	4.1	0.7	42.7
920	531	Toyo Tst & Bk Y50	588	+1	hQ15.2%	6.9	0.5	28.3
611	515	Union Discount £1	515	–5	33.0	–	8.5	–
525	286	Warburg (S.G.)	286	–7	15.0	3.8	7.0	5.0
180	102	Do 6pc Cnv Prf.	102	–4	6%	–	7.8	–
279	181	Westpac $A1	181	......	Q52.5c	1.5	13.1	5.0
420	333	Wintrust 20p.	333	–10	†7.8	4.2	3.1	9.2
969	556	Yasuda Tst & Bk. Y50	556	–1	Q17%	♦	0.6	♦

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
175	45	CLF Yeoman 50p.	45	......	Q18.5%	3.2	19.4	2.2
71	53	Cambridge Grp Ir5p	53	......	Q7½%	15.6	0.6	12.9
55	11	Capital Leasing Ir 10p	13½	+½	tt012%	3.5	7.8	3.3
68	50	Cattle's (Hldgs) 10p.	56	......	†3.58	1.9	8.5	8.0
426	362	Prov. Financial	381	–1	†20.5	2.1	7.2	8.8
•232	160	Reflex Invs. Ir5p	168	......	§Q51%	7.9	1.4	11.8
225	199	Secure Trust Grp. 1p	202	–3	†8.5	2.4	5.7	9.9
210	135	Woodchester IR20p.	154xd	+½	tQ6.7%	5.9	1.9	11.5

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES — Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1,650 per annum for each security.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks						
Admin. 0296 394000 Dealing: 0296 312156						
American Eagle	5	59.27	59.27	63.31	-2.15	1.22
Australia	5	6.208	6.208	6.641	-0.10	4.02
Equity	5	133.7	133.7	143.7	-2.1	5.35
Euro Spec Sits	5	96.12	96.12	103.7	-3.0	0.67
Financial	5	23.39	23.39xd	25.20	-0.53	3.44
Global Opps Inc	5	57.29	57.29	61.64	-1.26	0.00
Global Opps Acc	5	57.72	57.72	62.11	-1.26	0.00
Gold & Gen Inc	5	41.09	41.09	44.11	-0.68	0.91
Gold & Gen Acc	5	76.59	76.59	82.22	-1.20	0.91
Income	5	81.67	81.67xd	88.03	-0.99	7.04
Japan & General	5	107.4	107.4xd	115.7	-0.8	0.00
Preference Share	5	17.14	17.14	18.45	-0.04	14.38
UK Capital	5	73.24	73.24xd	78.72	-0.97	4.44
World Income	5	53.00	53.00	56.90	-1.03	6.21
Worldwide Capital	5	141.5	141.5	152.3	-2.6	3.59
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932						
Global Growth Acc	6	97.49	98.24	105.07	-2.31	3.56
Global Growth Inc	6	93.67	94.39	100.95	-2.22	3.56
Global Balanced Acc	6	96.17	96.66	103.38	-2.43	4.79
Global Balanced Inc	6	91.43	91.90	98.29	-2.31	4.79
Value Tst Acc	6½	70.14	71.28	76.24	-0.76	4.48
Value Tst Inc	6½	68.39	68.50	74.33	-0.74	4.48
Intl Pen & Ch'ties Inc ♥	2	94.25	95.64	100.41	....	3.60
Intl Pen & Ch'ties Acc ♥	2	92.41	93.78	98.46	....	3.60
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	44.86	45.17	48.05	....	-
Overseas	5	40.13	40.44	43.02	....	-
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	43.64	43.64	46.54	-0.33	0.24
(Accum Units)	5	44.91	44.91	47.90	-0.34	0.24
Cash	0	50.39	50.39	50.39	+0.06	14.76
Accum Units	0	50.39	50.39	50.39	+0.06	14.76
European Opps ♦	5	60.18	60.18	64.18	-2.20	0.00
(Accum Units) ♦	5	60.51	60.51	64.54	-2.29	0.00
Far Eastern Opps	5	101.99	101.99	108.78	-1.56	0.00
(Accum Units)	5	102.65	102.65	109.48	-1.56	0.00

	Bid Price	Offer Price	+ or -	Yield Gross
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 19	39.6	41.1	....	2.64
Euro Expt Sept 19	48.7	51.1	....	2.74
Fixed Int Ex Sept 19	42.4	43.5	....	11.62
Japan Expt Sept 19	39.2	40.8	....	0.81
Managed Ex Sept 20	37.7	39.2	....	5.55
SE Asia Expt Sept 19	57.1	59.9xd	....	3.50
Sm Cos Expt Sept 19	31.3	32.8	....	5.39
UK Eqty Ex Sept 19	36.0	37.8xd	....	3.62
Phillips & Drew Fund Management Ltd				
Small Co's Sep 5	641.8	685.8	....	5.25
Do Accum	706.9	755.2	....	5.25
Int Expt Sept 20	154	156.3	....	3.6
UK Index Sept 5	1015	1035	....	5.1
Do Accum	1059	1080	....	5.1
Convertible Sept 24	78.71	81.18	-2.61	9.0
World ex UK Index Sept 17	660.9	669.8	....	2.34
Do Accum	660.9	669.8	....	2.34
Japan Index Sept 17	534.2	541.9	....	0.6
Do Accum	535.2	542.8	....	0.6
USA Index Sept 17	753.1	758.0	....	3.7
Do Accum	763.7	768.6	....	3.7
Europe ex UK Index Sept 17	820.0	832.8	....	2.9
Do Accum	840.0	853.0	....	2.9
Pacific ex Jap Index Sept 17	808.1	832.0	....	5.3
Do Accum	823.4	847.6	....	5.3
Managed Exempt Sept 20	89.64	91.18	....	5.61
NM Rothschild Asset Management Ltd				
NC Managed	51.7	55.1xd	+0.4	4.32
NC Property	179.5	196.5	....	-
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum.	130.5	131.6	....	2.97
Stewart Ivory & Co Ltd				
Saints PPP Aug 13	245.8	258.1	....	-
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Sept 17	89.02	94.25	....	4.39

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	59.4	62.6	+0.1	–
Stock Market Mngd Fund	56.0	59.0	-0.1	–
Equity Fund	62.8	66.2	+0.5	–
International Fund	50.1	52.7	-0.7	–
European Fund	60.5	63.7	-1.2	–
North American Fund	49.5	52.1	-1.1	–
Pacific Fund	52.6	55.4	-1.0	–
Property Fund	87.1	91.7	+0.1	–
Fixed Interest Fund	51.3	54.0	----	–
Index linked Sec Fund	57.8	60.9	----	–
Deposit Fund	65.2	68.7	+0.1	–
NUAM Retirement Plans				
Mixed Fund	64.3	67.7	----	–
UK Ordinary Share Fd.	72.1	75.9	+0.5	–
International Fund	54.5	57.3	-0.8	–
Property Fund	85.3	89.8	----	–
Fixed Interest Fund	61.1	64.3	----	–
Index Linked Sec Fund	61.0	64.2	----	–
Deposit Fund	75.4	79.3	+0.1	–
NUAM (MF)				
Managed Fund	845.1	887.5	----	–
Equity Fund	1738.3	1829.8	+12.2	–
International Fund	132.2	139.2	-1.90	–
Property Fund	551.1	580.2	+0.4	–
Fixed Interest Fund	384.1	404.4	-0.50	–
Index Linked Sec Fund	58.9	62.0	----	–
Deposit Fund	268.0	282.2	+0.3	–

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	104.75	110.26	+0.09	–
Managed Fd	80.52	84.76	-0.17	–
UK Ord Share Fd	82.22	86.54	+0.44	–
International Fd	74.12	78.02	-1.09	–
European Fd	83.96	88.38	-1.60	–
North American Fd	75.45	79.42	-1.63	–
Pacific Fd	66.64	70.15	-1.36	–
Property Fd	100.01	105.27	+0.06	–
Fixed Int Fd	92.57	97.44	-0.02	–
Intl Bond Fd	88.57	93.23	-0.31	–
Deposit Fd	105.43	110.98	+0.09	–
Unitised Pensions				
With Profits Fd	137.80	145.05	+0.16	–
Managed Fd	128.92	135.71	+0.06	–
UK Equity Fd	133.42	140.44	+0.87	–
International Fd	129.32	136.12	-1.94	–
European Fd	134.40	141.47	-2.55	–
North American Fd	125.62	132.24	-2.70	–
Pacific Fd	97.75	102.90	-1.98	–
Property Fd	155.19	163.36	+0.07	–
Fixed Int Fd	108.17	113.86	+0.01	–
Intl Bond Fd	112.77	118.71	-0.97	–

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Individual Pension Funds				
UK Equity Acc	197.4	208.3	+1.3	–
UK Fixed Interest Acc	189.1	199.5	+0.2	–
Intl Equities Acc	193.2	203.9	-3.4	–
UK Managed Acc	162.9	171.8	+0.3	–
Property Acc	207.8	219.3	-0.1	–
Money Acc	147.6	155.7	+0.2	–
Special Market Acc	209.7	221.3	-1.6	–
Japan Equity Acc	153.1	161.6	+0.6	–
North American Acc	105.5	111.3	-1.2	–
Pacific Acc	151.3	159.6	-1.8	–
Technology Acc	140.8	148.6	+2.0	–
Natural Resources Acc	102.5	108.2	+0.8	–
European Acc	106.1	112.0	-0.9	–
Residential Prop Acc	105.7	111.5	----	–
Swiss Equities Acc	32.7	34.5	-0.3	–
Hong Kong Acc	45.1	47.6	-1.6	–
UK High Inc Eqy Acc	63.1	66.6	----	–
Int Fixed Interest Acc	52.7	55.6	+0.3	–
Int Managed Acc	51.0	53.7	-0.7	–
Group Pension Funds				
Equity Acc	669.5	690.3	-15.2	–
Fixed Interest Acc	556.5	573.8	----	–
Managed Acc	115.6	117.9	-1.9	–

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	946.6	993.9	+1.9	–
Equity Fund	211.9	222.5	+0.6	–
International Fd	123.5	129.7	-0.4	–
Fixed Interest Fd	155.3	163.1	+0.5	–
Property Fund	227.3	238.7	----	–
Index-Linked Fund	146.6	153.9	+0.1	–
Deposit Fund	154.8	162.5	+0.2	–
Pens. Mixed (Ord) Fd	230.4	241.9	+0.4	–
Gold Pensions				
Discretionary Fund		112.3	+0.2	–
Equity Fund		109.4	+0.3	–
Fixed Interest Fund		113.6	+0.3	–
International Fund		95.3	-0.2	–
Property Fund		138.0	----	–
Index-Linked Fund		122.5	----	–
Deposit Fund		132.0	+0.1	–
S & F Consolidation		120.1	+0.5	–
S & F Balanced		113.3	+0.3	–
S & F Maximum Growth		85.2	+0.1	–

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	303.8	319.8	-0.5	–
Managed Init	234.6	246.9	-0.5	–
Equity Ord	428.0	450.5	+1.1	–
Equity Init	330.4	347.8	+0.7	–
Index Linked Gilt Ord	145.2	152.8	----	–
Index Linked Gilt Init	117.1	123.3		–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling rallies on trade data

STERLING staged a strong rally yesterday after better-than-expected UK August trade figures. The US dollar weakened on the belief that the Group of Seven nations would tolerate a lower US unit.

Sterling had already begun the European trading day strongly, with its Bank of England trade weighted index up 0.2 point at 92.8. Remarks by Mr John Major, the Chancellor, that there would be no early cut in interest rates had attracted investor interest, particularly from the Far East.

Along with speculative buying, there were also signs of interest from Far Eastern investment institutions. Some market participants also believed the Bank of England had been a modest buyer of sterling.

Against this more bullish background the release of the August trade figures sent the pound sharply higher. The August deficit narrowed to £1.12bn from a revised £1.68bn in July, as exports rose 4.7 per cent and imports fell 1.7.

The pound was given a further lift after Mr Robin Leigh-Pemberton, governor of the Bank of England, took the unusual step of commenting on market movements by saying he was "very pleased" with sterling's advance.

However, as the European day wore on the pound fell back from its best levels. Concern that the trade figures may not have been as impressive as had first been thought contributed to the late easier tone; while the deficit had narrowed in August, the July figure had been revised to £1.68bn from £1.39bn.

In addition, Mr Nick Parsons of Union Discount, said £230m of the £560m improvement of the deficit was accounted for by erratic items. "By it's very nature, that sort of improvement is clearly not sustainable," Mr Parons said.

Analysts commented that sterling had not been boosted by heavy buying. "Trade figures don't usually have this much of an impact. It's given people an excuse to start buying sterling," said Mr Ifty Islam, currency analyst at Barclays de Zoete Wedd. Mr Robin Aspinall, currency economist at Hoare Govett, added that there were still some large sterling positions overhanging the market that had been built up on hopes of early membership of the European exchange rate mechanism.

Sterling closed higher at $1.8845 from $1.8455; at DM2.9350 from DM2.9125; at SFr2.4425 from SFr2.4375; at Y256.25 from Y252.50; and at FFr9.8225 from FFr9.7450. Sterling's index closed at 93.4, up 0.8 point.

The US dollar remained weak on a belief that the major industrial nations, after their Group of Seven meeting at the weekend, will tolerate a lower dollar. The sharp drop on Wall Street during London trading hours also contributed to the dollar's weakness.

The dollar closed lower at Y136.00 from Y136.90; at DM1.5575 from DM1.5775; at SFr1.2965 from SFr1.3215; and at FFr5.2125 from FFr5.2800.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept.24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3702	+0.48	+0.18	±1.5508
Danish Krone	7.79845	7.85934	+0.71	+0.41	±1.6453
German D-Mark	2.04446	2.06020	+0.77	+0.47	±1.1762
French Franc	6.85684	6.89743	+0.59	+0.29	±1.3618
Dutch Guilder	2.30358	2.32229	+0.81	+0.51	±1.5272
Irish Punt	0.763159	0.767569	+0.58	+0.28	±1.6689
Italian Lira	1529.70	1540.24	+0.69	+0.39	±1.5162
Spanish Peseta	132.889	129.225	-2.76	-2.76	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

£ IN NEW YORK

Sept.24	Latest	Previous Close
£ Spot	1.8810-1.8820	1.8430-1.8440
1 month	0.99-0.98pm	0.99-0.98pm
3 months	2.94-2.91pm	2.91-2.89pm
12 months	9.68-9.58pm	10.00-9.90pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT - FORWARD AGAINST THE POUND

Sep 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8460 - 1.8850	1.8840 - 1.8850	0.99-0.97cpm	6.24	2.96-2.93pm	6.25
Canada	2.1380 - 2.1695	2.1650 - 2.1660	0.40-0.32cpm	1.99	1.22-1.09pm	2.13
Netherlands	3.29 - 3.31½	3.29¾ - 3.30¾	1⅞-1⅝cpm	6.36	5⅛-4⅞pm	6.06
Belgium	60.00 - 60.65	60.35 - 60.45	31-28cpm	5.86	90-82pm	5.7
Denmark	11.24 - 11.25	11.24 - 11.25	4-3⅝ore pm	4.07	11⅛-10⅛pm	3.85

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

BASE LENDING RATES

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sarewise 8.5%. Top Tier-£50,000+ instant access 13.7% ‡ Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

Steady UK rates

UK MONEY market rates were steady yesterday after Mr John Major, the Chancellor, said he did not intend to make an early cut in interest rates. Yields were firm despite the strength of sterling and the Bank of England's relatively generous attitude towards the money market.

"It really has sunk in that although it looks as if we're heading for a recession, there is not going to be any early cut in rates," one money dealer said.

The key three-month interbank rate was unchanged at 14$\frac{11}{16}$-14⅝ per cent. One month money was $\frac{1}{16}$ easier at 14$\frac{13}{16}$-$\frac{11}{16}$ per cent, while one year was unchanged at 14¼-⅛. The futures market was also easier, despite the strength of sterling. December short sterling was down 5 points at 85.66.

UK clearing bank base lending rate 15 per cent from October 5, 1989

The Bank of England bought a total of £865m of bills compared with the final £950m estimate of the money market's shortage. During the morning the Bank purchased £125m of bank bills, of which £21m were in band 1 at 14⅞ per cent and £104m were in band 2 at 14¾ per cent. Before lunch it bought another £169m of bank bills at unchanged rates. This included in band 1 £114m and in band 2 £55m.

In the afternoon there were purchases of £441m at unchanged rates, including in band 1, £46m of Treasury bills and £219m of bank bills. In band 2 the Bank bought £176m. Finally, late assistance of £130m was provided.

Among factors contributing to the shortage were bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills, which drained £1.31bn. Exchequer transactions absorbed a further £50m, while bankers' balances were £100m below target. But this was partly offset by a £545m fall in the note circulation.

In Frankfurt call money rates edged higher as heavy tax payments caused a drain in liquidity. Call money was quoted at 8.00-8.05 per cent. The German money market was quiet as dealers waited for this week's tender for securities repurchase funds. Money dealers said they expected the Bundesbank to add extra liquidity.

In New York the Federal Reserve added liquidity with overnight system repurchase agreements. Federal funds were trading at 8¼ per cent at the time of the operation, compared with 8⅛ on Friday and the Fed's perceived target of 8.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

Quality PROMOTIONAL GIFTS

Send this advertisement attached to your company letterhead for a FREE DESIGN incorporating your logo.

● Key Rings ● Cuff Links
● Paperweights
● Enamel Badges

Manufactured by

Manhattan-Windsor

STEWARD STREET, BIRMINGHAM. B18 7AF. England.
Fax: 021-454 1497.
Contractors to H.M. Government.

PERSONAL

PUBLIC SPEAKING

Overcome the fear and nervousness of public speaking.

Phone Leadership Skills Training. Tel: 0727 821399

To Advertise
PROPERTY TO RENT
Furnished lettings Company and Embassy Lets
Long and Short Term
All appear in the FT every
Monday and Saturday
Further details from Richard Wallington,
TELEPHONE 071-873 3307
FAX 071-873 3064

MONEY MARKET FUNDS

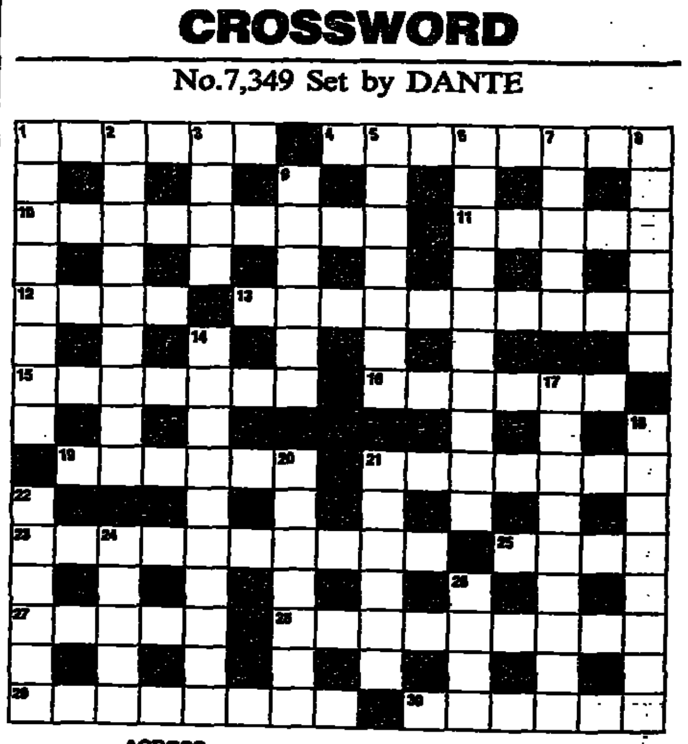
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,349 Set by DANTE



ACROSS

1 To tease a poor lad is ill mannered (6)
4 False profession (8)
10 They spend their time together (4-5)
11 Pompous colonel is an old gasbag (5)
12 It may hold the garden spray (4)
13 Parties of runners? (10)
15 The personification of cunning (7)
16 Ancient Greeks were riddled by it (6)
19 Dormant fish turned into a snake (6)
21 This turns out to sum up Panama, for example (7)
23 Cowardly sailor gets fever (6,4)
25 Juliet's town is just not on for her (4)
27 Wines for import and export (5)
28 Timber which may be put to striking use? (9)
29 To caress in a most lascivious way (8)
30 Listener following close win (6)

DOWN

1 Hope for the lost and sick (8)
2 Sweets that score highly? (5-4)
3 Fabric that's stiff or limp (4)
5 Object's to Ernest's replacement (7)
6 Set meal and free bed at hotel (5,5)
7 They are driven to join things (5)
8 Reveal an outdated attitude (6)
9 Wait for a race to finish (6)
14 Runners – so research reveals (10)
17 On board the first lieutenant may be most important (6,3)
18 One naturally separated from the rest of humanity (8)
20 They took over from the night shift (7)
21 Egg – how nice it may be scrambled (6)
22 Limited in one's outlook (6)
24 Grub is right at the centre of a burning issue (5)
26 Whisky drinkers may say it is just a question of time (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday October 6.

WORLD STOCK MARKETS

AUSTRIA

September 24	Sch	+ or −
Austrian Airlines	2,460	−270
Creditanstalt	4,010	−80
Erste Allgemeine	17,186	−1,909
Jungbunzlauer	9,690	−510
Laenderbank	1,140	−60
OeMV	8,050	−700
Perlmooser	1,380	−50
Radex	707	−78
Reininghaus	1,611	−179
Steyr-Daimler	145	−11
Veitscher Mag	685	−76
Verbund	442	−23
Wienerberger	4,342	−228

BELGIUM/LUXEMBOURG

September 24	Frs.	+ or −
Arbed	3,150	−305
B.B.L	2,610	+10
Bank Intl. a Lux	14,700	.....
Banque Gen. Du. Lux	13,900	.....
Banque Nat Belg	32,400	−650
Barco	1,545	−40
Bekaert B	7,550	+90
Ciment CBR	6,010	−200
Cobepa	4,750	−50
Do. AFV 1	4,720	−100
Cockerill	150	−3
Colruyt	2,065	−70
Delhaize	5,360	−80
EBES	3,805	−45
Do. AFV 1	3,700	−40
Fabrique Nat	195	+4
GIB Group	1,210	−50
Do. AFV	1,204	−28
GBL(BruxL)	3,325	−45
Do. AFV 1	3,380	.....
Gechem	658	.....

FRANCE (continued)

September 24	Frs.	+ or −
Beghin-Say	705	−20
Do Certs	560	−35
Bongrain	2,350	−150
Bouygues	381.1	−22
CGIP	830	−1
CMB Packaging	101	−9
Carrefour	3,150	−10
Casino	120	−5.4
Cetelem	324	−9
Chargeurs	770	−5
Ciments Fr.	1,093	−24
Club Mediterranee	405.1	−0.9
Coflexip	385	−3
CGE	461	−23.5
Cogarex	716	+6
CCF	149	−5.8
Cred Foncier Fr	822	−46
Cred Lyonn (CI)	568	−22
Credit National	1,011	−24
Damart	1,960	−40
Docks de France	3,320	+115
Dollfus-Mieg	370.1	+0.1
Dumez S.A.	608	−5
Eaux (Cie Gen)	2,030	−20
Ecco	310	−15
Elf-Aquitaine	682	+3
Do. Certs	490	+9
Epeda-Bertrand	921	−20
Essilor	300	−4.1
Etex	1,662	.....
Euraftrance	1,261	−39
Eurocom	1,522	+7
Euro Disneyland	76.2	−2.8
Euromarche	3,020	−120
Exor	1,354	+9
Finextel	134.1	−2.9
Fonciere Lyonn	642	−10
Fromageries	1,650	−105
GTM-Entrepose	1,355	+26

CANADA

TORONTO
Closing prices September 21

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
4300	Abitibi Pr	$18½	18⅜	18⅜	
64600	Acklands	$5¼	5¼	5¼	
46475	Agnico E	$7½	7¼	7¼	
108894	Albrta En	$19⅝	19¼	19⅜	−⅛
11975	Albrta N	$14¼	13½	13½	−⅜
368297	Alcan	$25⅛	24⅝	24⅝	−½
200	Algo Cent	$9¼	9¼	9¼	
204874	A Barrick	$25½	24¾	24⅞	
300	Alco I f	$10⅛	10⅛	10⅛	
324415	BCE Inc	$36¼	35¾	35¾	−¼
41824	BCE D	15	14	15	+1
135800	BCE Mobl	$18	17	17¼	−¾
6282	BC Sugar A	$14	14	14	+⅛
7838	BGR A	$9½	9⅜	9½	+⅛
54333	BP Canada	$20¼	19¼	20¼	+1
137006	Bk Montl	$27	26⅞	26⅞	
243551	Bk NScot	$12¼	12⅜	12½	−⅛
400	Bolon	$6¼	6¼	6¼	−½
6000	Belmoral	20½	20½	20½	
74025	Bombdr B	$17⅜	17⅛	17⅛	−⅜
124847	Bow Valy	$15⅞	15½	15⅞	+⅜
32000	Bramalea	$6¼	6⅛	6¼	+⅛
12940	Brascan A	$17¼	16¾	16⅞	+⅛
98000	Briwater	91	88	88	−2
14934	BC Phone	$17	16⅞	16⅞	−⅛
18204	Brunscr	$16½	16⅛	16¼	−⅛
800	Brunswk	$8⅜	8⅜	8⅜	−⅛
102150	CAE	$5⅞	5¾	5⅞	+⅛
112552	CCL B f	$8⅝	8¼	8½	−⅛
1378	CFCF	$9⅛	9	9	−⅛
1205	Cambior	$14	13¾	13¾	−¼
11148	Cambridg	$23½	22⅞	22⅞	−⅛
73	Camp Res	60	60	60	
600	Camp Soup	$20¼	19⅞	20¼	+½
20600	Campeau I	100	99	99	+1
171400	C Nor West	180	180	175	+10
3672	C Packrs	$9½	9¼	9⅜	
248500	C Expres I	38	36	38	−1
276318	CI Bir Com	$24⅛	23⅛	23⅛	−⅛
100	C Marconi	$9¾	9¾	9¾	
119417	C Occidntl	$18¾	18½	18¾	+⅛
1159	CP Forest	$28½	28	28	
768399	CP Ltd	$18½	18⅛	18¼	−⅜
2917	C Roxy	$7¼	7¼	7¼	
112524	CTire A f	$19¾	19⅜	19⅜	
37533	CUtil A f	$19¼	19	19¼	+⅛
7500	Canamax o	75	65	75	+5
14989	Cantor	$22⅝	22¼	22⅝	
2500	Cara	$15⅝	15½	15⅝	−⅛
2400	Carena	$14¾	14¾	14¾	−1
300	Celanese	$30⅜	30⅜	30⅜	
14225	Cen Capital	$8	7⅞	8	+⅛
58800	CenCap A	480	450	480	+25
900	CentFd A	$5½	5⅜	5½	+⅛
1500	C Guar Trc	$7¼	6⅞	6⅞	−⅛
3500	Cineplex	325	310	325	+10
1100	Co Steel f	$18⅛	18⅛	18⅛	−⅛
27670	TCC Bev	$11⅛	11	11	−⅛
28033	Cominco	$23⅞	23½	23⅝	−¼
25300	Computing	405	390	390	−25
101400	Con TVX	$5	475	485	+25
2450	Coscan Gas	$29⅞	29	29⅞	+⅝
2465	Cnsum Pkg	$9	8⅞	8⅞	−⅛
16524	Conwst B	$14¼	14	14	+⅛
765	Corby A	$30	30	30	
602132	Corona A f	$6⅝	6⅜	6½	−⅛
9	Coscan	$8½	8½	8½	
1500	Crownx	$9	9	9	−⅛
27626	Crownx A f	460	450	460	
2940	Denison A	115	115	115	−5
9896	Denison B f	117	110	117	
1250	Derlan	$6⅞	6⅞	6⅞	
1008	Dickrsn A f	475	475	475	
17147	Dofasco	$18½	18¼	18¼	−⅛
1597	D Textile	$9⅞	9⅞	9⅞	
4300	Domtar	$9¾	9⅝	9⅝	
6100	Du Pont A	$25½	25½	25½	
2801	Dylex A	290	275	275	−25
3300	E-L Fin	$52½	51	51	−1½
130500	Echo Bay	$15¼	14⅝	14⅝	−⅜
2592	EmpireA f	$9⅝	9¼	9½	−½
1850	EquitySv A	125	125	125	
1000	FCA Intl	$9⅝	9½	9½	−⅛
22800	FPI Ltd	440	430	435	−5
26300	Fed Ind A	$9½	9½	9½	
1581	Finning L	$14½	14¼	14¼	+¼
100	FCity Fin	$5½	5½	5½	
5908	FMarathA f	$8½	8⅜	8⅜	−⅛
3635	Fortis	$20	19⅞	20	+⅛
13600	FourSeasn f	$15	15	15	−¼
11100	Franco o	$17½	17	17	−½
350	GW Util	$32½	32½	32½	
25400	Galactic	270	260	270	+9
6600	Gandalf	340	340	340	−10
2072	Gendis A	$20¼	20¼	20¼	
1000	G Trsico p	$20⅞	20⅞	20⅞	+⅛
205	Giant Yk	$7	7	7	
11400	Glamis	265	250	250	−10
4500	Goldcorp I	460	450	450	
2050	Gld Knight	$13¼	13	13	−¼
32700	Granges	135	130	130	−10
800	GL Group	$17¼	16½	16½	−1¼
800	GtW Lifeco	$12½	12⅜	12⅜	−⅛
487	Greyhnd	$29⅝	29½	29½	−⅛
290174	Gulf Res	$17	16⅝	16⅝	−⅜
2000	Haley	225	215	225	−20
10	Hawker	$22¼	22¼	22¼	
1235	Hayes D	$11½	11⅜	11⅜	
357800	Hees Intl	$16¾	16	16½	+⅛
39032	Hemlo	$11⅜	11	11¼	+⅛
2437	Hollingr	$11	11	11	
16300	Horsham f	$9¾	9½	9½	−¼
1139	H Baymin a	$5¾	5½	5½	−½
1320	H Bay Co	$17⅛	17	17	−⅛
118086	Imasco L	$32¼	31½	31⅞	−⅜
71100	Imp Oil A	$65	64½	64⅞	+⅛
256254	Inco	$32¾	32	32¼	−½
15450	Innopac	375	360	375	
10815	Interhome	$48	47¾	47¾	−¼
10500	Ipsco	$14	14	14	
7657	Ivaco A f	$8⅜	8⅛	8¼	
2712	Jannock	$13¾	13½	13½	−½
10812	Kerr Add	$17	17	17	−⅛
11385	Labatt	$20⅜	20⅛	20⅛	−⅛
332342	Lac Mnrls	$10⅞	10⅝	10⅞	+⅛
342	Lafarge p	$15½	15½	15½	−¼
27807	Laidlaw A	$22⅛	21¾	21¾	
385978	Laidlw B f	$21⅝	21½	21½	−⅛
200	Laur Bk	$15¼	15¼	15¼	−½
450	Laur Gr B	$6½	6½	6½	
12168	LawnM A	$9⅛	9⅛	9½	+⅛
1000	Loblaw Co	$17	17	17	
25600	MDS A	$13½	13½	13½	+⅜
25600	MDS B	$13½	13½	13½	+¼
35275	Mac Kenzie	$6¼	6	6¼	+⅛
105067	Macmillan	$18¼	18	18⅛	
4800	Magna A f	320	320	320	
107629	Maritime f	$17⅜	17⅜	17½	−⅛
5213	Mark Res	$11⅞	11¾	11⅞	+⅛
6270	Memotec	$8¼	8¼	8¼	−¼
5250	Metall M	$12⅝	12½	12½	−⅛
60400	Minnova	$18⅜	18¼	18¼	−½
5100	Mitel Corp	190	190	190	
2508	Molson A f	$31⅞	31⅞	31⅞	+⅛
125086	Moore	$26½	25⅞	26⅛	
145097	Muscocho	12	9	12	+2½
117339	Nat Bk Can	$8⅛	8	8	−⅛
2142	NewTel Ent	$16½	16⅛	16⅛	+⅛
950	Noma A	$5¼	5⅛	5¼	
11500	Noranda F	$9	8⅞	8⅞	−⅛
94178	Noranda	$17	16¾	16⅞	−⅛
40955	Norcen	$27⅜	27⅜	27⅜	−½
56432	Norcn A f	$25¼	25⅛	25⅛	−¼
13550	NC Oils	$18¾	18½	18½	+¼
278408	Nor Tel	$26½	25⅝	26¼	−¼
500	Northgat	495	495	495	+15
110817	Nova f	$7¾	7½	7⅝	−⅛
2900	Nowsco W	$15⅞	15⅝	15⅝	−¼
30600	Numac	$7⅝	7½	7½	−⅛
12750	Ocelot B f	$9½	9	9¼	+¼
2200	Omega Hyd	370	370	370	
12275	Onex f	$8⅝	8⅛	8⅛	−⅜
71226	Oshawa A f	$28	27½	27½	−⅜
6941	PWA Corp	$9	8½	8½	−½
137350	Pgurin A f	$6½	6⅜	6½	
200	Pamour	114	114	114	
50842	PanCan P	$30¼	30	30	−½
7000	Pegasus	$13¾	13½	13½	
21072	Pioneer M	7	7	7	
333287	Placer Dm	$20¼	19⅞	20¼	+⅛
6900	Poco Pet	$9⅜	9⅛	9⅜	+⅛
167700	Powr Cor f	$14⅞	14⅝	14⅞	+⅛
900	Powr Fin	$18¼	18⅛	18⅛	
6300	Provigo	$9	8⅞	8⅞	−⅛
200	Que Tel	$14⅛	14⅛	14⅛	−⅜
300	Quebcor A	$11	11	11	−¼
330006	Ranger	$9⅜	9⅛	9⅜	+⅛
134162	Renaissnce	$16	15¾	15⅞	−⅛
3200	Repap f	$5⅝	5⅝	5⅝	−¼
10815	Rio Algom	$19	18⅝	18⅝	−⅜
39804	Rogers B f	$6⅝	6⅜	6⅜	−⅜
600	Roman	435	435	435	
467308	Royal Bnk	$21¼	20⅞	20⅞	−⅛
64514	Ry Trco	$11	10⅝	10⅝	−⅜
10099	SHL Syst	$7⅜	7⅛	7⅜	
18100	SNC A f	$14	13¾	14	+½
20737	StL CemA f	$14⅜	14¼	14¼	+⅛
64345	Saskoil	$15¼	15⅝	15¼	+⅛
25399	Sceptre	455	445	455	+10
43000	Scot Paper	$18	18	18	
20305	Scotts f	$12½	12⅜	12⅜	+⅛
600	Scotts C	$13⅜	13⅜	13⅜	−⅛
59575	Seagram	$87	85½	86	−⅞
69650	Sears Can	$10⅜	10¼	10⅜	
23371	ShawC B f	$8½	8½	8½	−⅛
11073	Shell Can	$40	39¾	39¾	
4113	Sherritt	$7⅜	7½	7½	−⅝
64644	Southam	$17⅞	17⅜	17⅜	−⅛
2039	Spar Aero f	$8⅞	8¼	8⅞	
35036	Stelco A	$14	13⅝	13⅝	−⅛
128528	Teck B f	$24⅛	23¾	24⅛	+⅛
100	Tembec A	$9	9	9	
287191	ThomCor	$14½	14⅜	14½	
293685	Tor Dm Bk	$16	15⅞	15⅞	−⅛
75	Tor Sun	$16⅜	16⅜	16⅜	
4965	Torstar B f	$24⅝	24½	24½	
136612	Total Pet	$28⅜	28⅛	28⅝	+⅛
222876	TrnAlta U	$12⅛	11⅞	12⅜	+⅛
138273	TrCan PL	$15⅜	15¼	15⅜	
17108	Trilon A	$14⅛	13⅞	14⅛	+¼
31006	Trimac	$7¼	7	7⅜	
15650	Trizec A f	$13⅝	13½	13⅝	
500	Trizec B	$14⅝	14⅝	14⅝	−⅛
2572	UAP A	$15¾	15¾	15¾	
63871	Unicorp A	125	125	125	
200	UnigescoB f	270	270	270	
4300	Un Carbid	$15⅜	15¼	15¼	−⅜
80100	Varity C	250	245	245	
16600	Viceroy R	455	450	450	−10
3200	Videotrn f	$9⅞	9⅞	9⅞	
825	WIC B f	$11¾	11⅝	11¾	+⅛
5900	Weldwood	$18⅜	18¼	18¼	
2000	Wst Fraser	$18⅜	18⅜	18⅜	
34261	Wcoast E	$21⅛	21	21	−⅛
878	Westmin	425	425	425	−20
7643	Weston	$40	39¾	39¾	−¼
4754	Woodwd A	135	135	135	+5

f−No voting rights or restricted voting rights.

MONTREAL
Closing prices September 21

Sales	Stock	High	Low	Close	Chng
1075	BombrdrA	$17½	17¼	17¼	−¼
18405	BombrdrB	$17⅜	17⅛	17⅛	−⅜
1300	Cambior	$14	13	13⅞	+⅛
3266	Cascades	380	370	375	−05
430	DomTxtA	$09⅞	09⅞	09⅞	
531	Donohue	$10⅞	10⅝	10⅝	−⅛
2820	Memotec	$08⅜	08⅛	08¼	
106042	NatBk Cda	$08⅛	07⅞	07⅞	−⅛
132230	Power Corp	$14⅞	14⅝	14⅞	+⅛
157882	Provigo	$08⅞	08⅞	09	−⅛
400	Quebecr A	$11	11	11	
11331	Quebecr B	$10⅛	10⅛	10⅛	
9430	Videotron	$10	09⅞	10	+⅛

Total Sales 7,158,384 shares.

INDICES

NEW YORK

DOW JONES	Sept. 21	Sept. 20	Sept. 19	Sept. 18	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2512.38	2518.32	2557.43	2571.29	2999.75 (16/7)	2483.42 (23/8)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.14	89.29	89.26	89.11	93.04 (3/1)	88.48 (2/5)	—	—
Transport	876.66	879.99	888.31	901.44	1212.77 (6/6)	861.31 (23/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	201.71	200.33	201.52	200.52	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2538.37 (2549.01) Low 2479.95 (2495.54)

STANDARD AND POOR'S	Sept. 21	Sept. 20	Sept. 19	Sept. 18	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	311.32	311.48	316.60	318.60	368.95 (16/7)	307.06 (23/8)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	367.10	367.62	374.05	376.71	437.37 (16/7)	362.23 (23/8)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	21.76	22.01	22.58	22.77	31.87 (3/1)	21.76 (21/9)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	171.03	171.22	173.91	174.88	201.13 (16/7)	168.88 (23/8)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	316.01	317.18	318.97	319.69	382.45 (5/1)	315.85 (23/8)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	362.25	364.43	371.68	372.21	469.60 (16/7)	360.22 (23/8)	485.73 (9/10/89)	54.87 (31/10/72)

	Sept 14	Sept 7	Aug 24	year ago (approx.)
Dow Industrial Div. Yield	3.95	3.86	4.29	3.76
	Sept 19	Sept12	Sept 5	year ago (approx.)
S & P Industrial div. yield	3.29	3.28	3.24	2.81
S & P Indl. P/E ratio	15.12	15.44	15.47	14.42

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Pepsico	3,334,000	22¼	−½
Gen Electric	3,206,500	55⅞	+¾
Exxon	2,620,900	51¼	+⅛
Chase Man	2,599,400	12⅜	−1
Am T & T	2,498,000	31⅜	+⅞
Phillip Morris	2,439,500	44⅜	−⅛
Boeing	2,383,400	43¼	−⅝
Gen Motors	2,357,400	36⅝	−¼
Citicorp	2,319,700	15¾	−⅞
Wal-Mart Stores	2,217,000	26⅜	+¼

TRADING ACTIVITY

† Volume (Millions)	Sept.21	Sept. 20	Sept. 19
New York	201,050	145,100	147,530
Amex	10,822	9,348	8,385
NASDAQ	124,238	107,920	120,867
Issues Traded	1,986	1,971	1,966
Rises	602	286	577
Falls	920	1,241	888
Unchanged	464	444	501
New Highs	11	6	19
New Lows	270	259	139

CANADA

TORONTO	Sept 21	Sept 20	Sept 19	Sept 18	1990 HIGH	1990 LOW
Metals & Minerals	2984.66	3034.39	3079.30	3062.06	3453.05 (4/1)	2850.80 (23/4)
Composite	3235.38	3256.36	3275.58	3266.69	4009.47 (3/1)	3235.38 (21/9)
MONTREAL Portfolio	1707.30	1715.54	1726.13	1716.52	2060.90 (3/1)	1698.67 (14/9)

Base values of all indices are 100 except NYSE All Common−50; Standard and Poor's−10; and Toronto Composite and Metals−1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sept. 24	Sept. 21	Sept. 20	Sept. 19	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1412.5	1428.8	1446.6	1451.7	1713.7 (12/1)	1412.5 (24/9)
All Mining (1/1/80)	707.0	715.9	727.8	728.0	860.8 (5/1)	707.0 (24/9)
AUSTRIA						
Credit Aktien (30/12/84)	412.53	443.33	458.46	463.86	703.29 (19/3)	412.53 (24/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5047.94	5113.75	5211.19	5246.06	6599.43 (12/1)	5047.94 (24/9)
DENMARK						
Copenhagen SE (3/1/83)	338.76	342.82	348.74	351.73	388.29 (20/7)	338.76 (24/9)
FINLAND						
Unitas General (1975)	432.5	439.7	444.1	458.4	677.3 (23/1)	432.5 (24/9)
FRANCE						
CAC General (31/12/82)	418.86	418.36	428.76	433.02	564.62 (30/5)	417.98 (22/8)
CAC 40 (31/12/87)	1502.52	1543.53	1548.60	1570.28	2129.32 (20/4)	1502.52 (24/9)
GERMANY						
FAZ Aktien (31/12/58)	607.08	611.02	627.79	634.66	832.32 (19/7)	607.08 (24/9)
Commerzbank (1/12/53)	1742.8	1754.3	1800.7	1820.3	2414.0 (3/4)	1742.8 (24/9)
DAX (30/12/87)	1416.05	1446.57	1457.51	1487.54	1968.55 (30/3)	1416.05 (24/9)
HONG KONG						
Hang Seng Bank (31/7/64)	2861.77	2931.86	2984.54	2980.95	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1242.25	1247.63	1263.03	1283.78	1893.10 (22/1)	1242.25 (24/9)
ITALY						
Banca Com. Ital. (1972)	562.97	562.30	572.22	583.46	763.52 (14/6)	562.30 (21/9)
JAPAN						
Nikkei (16/5/49)	(c)	23777.83	23602.98	23726.17	38712.88 (4/1)	23602.98 (20/9)
Tokyo SE (Topix) (4/1/68)	(c)	1769.77	1767.97	1799.72	2867.70 (4/1)	1767.97 (20/9)
2nd Section (4/1/68)	(c)	3342.09	3394.54	3449.74	4477.16 (16/7)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	494.81	507.24	518.58	525.18	632.22 (1/8)	480.77 (23/8)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	235.1	239.6	240.1	243.2	271.9 (28/7)	235.1 (24/9)
CBS All Shr (End 1983)	172.6	175.9	176.3	178.5	206.3 (3/1)	172.6 (24/9)
NORWAY						
Oslo SE (Ind) (2/1/83)	835.62	840.53	853.85	864.77	915.13 (2/8)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	605.71	626.26	643.91	621.51	1168.78 (21/3)	605.71 (24/9)
SINGAPORE						
SES All-Singapore (2/4/75)	320.25	326.23	331.89	333.43	446.87 (16/7)	320.25 (24/9)
SOUTH AFRICA						
JSE Gold (28/9/78)	1514.0	1492.0	1497.0	1506.0	2238.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2672.0	2673.0	2687.0	2693.0	3211.0 (6/2)	2672.0 (24/9)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	587.39	584.68	585.19	592.80	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	216.31	221.20	224.14	225.06	309.74 (16/7)	216.31 (24/9)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1030.1	1061.6	1086.7	1090.1	1329.9 (5/7)	1030.1 (24/9)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	632.7	649.1	652.5	662.7	845.5 (13/7)	632.7 (24/9)
TAIWAN**						
Weighted Price (30/6/66)	2807.21	3111.41	2956.72	3159.27	12495.34 (10/2)	2807.21 (24/9)
THAILAND						
Bangkok SET (30/4/75)	647.11	637.95	647.35	686.63	1143.78 (25/7)	637.95 (21/9)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	445.3	446.5	454.0	571.0 (4/1)	445.3 (21/9)

**Saturday September 22: Taiwan Weighted Price: 2998.38. Korea Comp Ex. 584.94

& Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX−1,000, JSE Gold−255.7, JSE Industrials − 264.3 and Australia All Ordinary and Mining − 500; (c) Closed. (u) Unavailable.

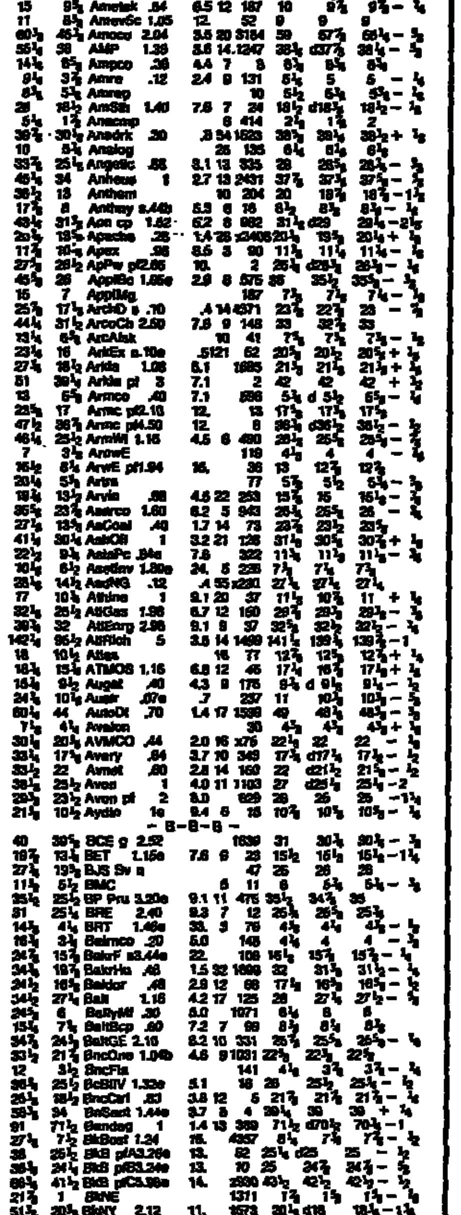
In our lobby lounge, the only entertainment is the sound of sparkling conversation. And, of course, the joy of seeing the world's most interesting people in the world's most civilised surroundings. The Mayfair Regent, New York... near everything, yet far from the madding crowd.

PARK AVENUE AT 65TH STREET, NEW YORK
(212) 288-0800

2pm prices September 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]



Continued on Page 45

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
9⅞	5¼	RPC			19	30	8⅞	8⅝	8⅝	-⅛
6¼	5⅜	RPS	.83e	15.	6	150	5⅝	5½	5⅝	
41¾	30⅝	RTZ n	1.48e	4.8		9	30½	d30	30	-⅜
67⅞	43¼	Racal	.60e	1.4	22	654	43¼	d42⅝	42¾	-¼
100½	77¾	RalsPur	1.85	1.9	16	1378	96⅞	94⅞	94⅞	-1⅜
8⅛	5⅝	RangrO	.06e	.7	22	5632	u 8⅞	8⅛	8⅛	+⅛
35½	19¼	Raycm	.32	1.7		149	19⅜	d18½	18⅝	-⅞
22⅝	15	RJamF	.24	1.4	6	25	16⅞	16½	16⅞	-⅜
28½	18⅝	Rayonr	3.60	21.	5	408	18⅞	d16⅞	17	-1⅜
85	57¾	Raythn	2.40	3.8	8	1740	63⅝	63⅛	63¼	-⅝
27⅝	21	RdrDg n	.48	2.1	16	1932	24⅝	23⅛	23⅛	-1⅜
5	1	RdgBte				720	2½	2¼	2¼	-⅛
16⅝	12½	REIT	1.42	11.	10	55	13⅛	13⅛	13⅛	-⅛
7¼	4⅛	RecnEq				1	5⅛	5⅛	5⅛	
20	9⅞	Reebok	.30	3.2	6	4081	10⅛	d 9¼	9½	-1
12⅝	2½	Reece	.05j			70	3⅛	3⅛	3⅛	
½	5-32	Regal				104	11-32	5-16	5-16	-1-32
15¼	8⅞	ReichTg	1.62	18.	4	x30	8⅞	d 8	8	-½
7⅛	4⅜	RelGrp	.32	6.1		6	5¼	5¼	5¼	
30⅞	19½	Repsol	n.85e	3.8		544	22⅝	22⅜	22⅜	-⅜
5	3⅞	RepGyp	.19t	5.4	88	7	3½	3½	3½	
52⅞	38½	RepNY	1.32	3.4	120	316	38¾	d38¼	38½	-¼
8⅜	1¼	Rxene				49	1⅝	1½	1⅝	+⅛
27⅞	13⅞	RayRey	.80	6.8	6	77	13¾	d13¼	13¼	-⅝
70	48½	ReyMtl	1.80	2.8	9	4112	65⅛	62⅞	63¼	-3⅜
67⅞	56¼	RP Rar n				1081	62⅝	61½	61⅝	-1¼
44¾	22	RhP pfC				1	21⅞	d21⅞	21⅞	-⅜
19	9¼	RhP pfA	1.60e	17.		207	9⅜	d 9⅜	9¼	
3½	1⅛	RhnP wt				322	1⅛	1⅛	1⅛	-⅛
[illegible]										
9⅞	5	Zemex				1	5¼	5¼	5¼	-⅛
17⅞	5⅞	ZenithE				472	5½	d 5⅛	5⅜	-⅛
16½	13⅝	ZeaNtl	.88	6.3	8	48	14	13⅞	13⅞	+⅛
8⅝	4½	Zenix	.93	19.		230	5	4⅞	4⅞	-½
17½	10⅝	Zero	.40	3.8	11	659	10¾	d10½	10½	-⅛
51⅛	34	Zurmin	.76	2.3	14	468	34¾	d33⅞	33⅞	-1⅜
12⅝	10⅜	Zweig	1.21e	12.		898	10¾	10⅜	10½	-⅛
10	8½	ZweigTl	.96	11.		737	8¾	8½	8½	-⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices September 24

[illegible]

NASDAQ NATIONAL MARKET

2pm prices September 24

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							
WiserO	.40	51	141	19	18⅞	18⅞	
Wolohn	.28b	7	111	13	d12¼	12⅜	-⅜
WwExp			205	7⅝	7½	7½	-½
Wolv wt			192	3⅞	3⅛	3⅛	-⅛
Worthg	.60	14	511	19⅛	d18	18	-⅞
Wyman	.80		345	9½	d 8¾	8¾	-⅜
-X-Y-Z-							
XL Dta		4	583	7	6⅞	7	
XOMA			611	16	15¼	15½	-½
Xicor			88	1½	1¼	1½	
YrkEnS	1.52	16	61	18⅞	18	18⅛	+¼
YelowF	.82	40	1158	20⅛	19⅞	19⅞	-⅜
YorkRs		11	610	9⅛	8⅝	8⅝	-⅝
ZionBc	1.44	7	29	25½	25	25	-⅛

Have your FT hand delivered

...at no extra charge, if you work in

MILANO - Centro Città

TORINO - Centro Città

For full details, please contact INTERCONTINENTAL S.r.l., MILANO
Tel: (02) 688 7041
Tlx: 330467
Fax:(02) 688 1667

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

AMERICA

Dow falls through August lows on recession fears

Wall Street

THE DOW Jones Industrial Average fell yesterday below the lows it reached in August, shortly after Iraq invaded Kuwait on concern about recession, inflation, interest rates and the budget deficit, *writes Janet Bush in New York.*

At 1.30 pm, the Dow was quoted 55.70 lower at 2,456.68 on moderate volume of 97m shares. The Dow had closed 5.94 lower on Friday at 2,512.38. The low on August 23 of 2,483.42, regarded as a strong support level, was easily breached yesterday morning.

The drop in August was triggered by events in the Middle East but had more of a speculative, panic feel to it as traders and investors reacted to political news. The latest drop is still overshadowed by the Gulf crisis but is now more keenly focused on the US economy.

The erosion of confidence deepened after last week's testimony by Mr Alan Greenspan, chairman of the US Federal Reserve. He said that the surge in oil prices was taking the economy a step closer to recession but also emphasised that the US has a considerable inflation problem.

The equity market had been cherishing the slimmest of hopes that the Fed would ease monetary policy after a credible budget deficit cutting accord. But as negotiations drag on, there is less chance that this will happen.

Economists agree that the attempt to agree on cuts of $500bn over the next five years will be not be sufficient to solve the budget problem, which is bound to worsen if the economy falls into recession and if the US remains bogged down in a substantial military effort in the Middle East.

Another surge in oil prices after Iraq threatened to attack Middle Eastern oil installations pushed equities lower. On the New York Mercantile Exchange, November futures were quoted $2.84 a barrel higher at $38.30.

US press reports suggesting that the Fed is reluctant to ease policy also weighed on the market, which had been hoping for some official help to bolster sagging corporate profitability.

Recession-sensitive blue chips were sharply lower. Boeing dropped $3⅛ to $40, IBM fell $2⅞ to $104⅝ and Aluminium Company of America lost $3⅞ to $63⅝. Even supposedly recession-resistant consumer stocks took a beating. Philip Morris dropped $1⅛ to $43⅞ and PepsiCo fell $1 to $21⅛.

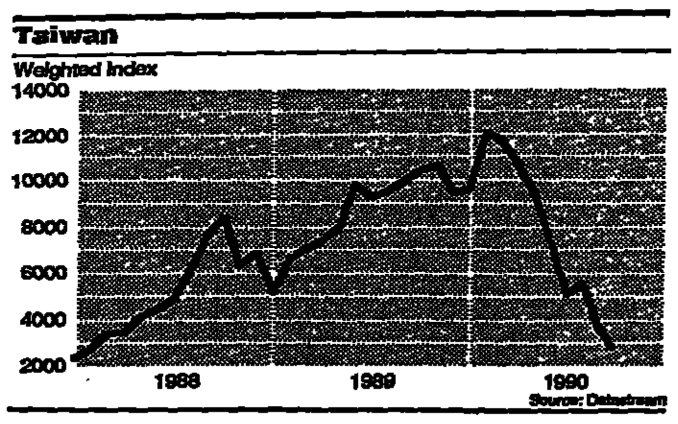
Chase Manhattan Bank lost another $1⅝ to $11 following Friday's news of a major restructuring including a huge charge against earnings for loan loss reserves.

Oil stocks, too, were vulnerable. Mobil slipped $⅝ to $66⅝, Chevron was unchanged at $77⅞, Texaco fell $⅞ to $63⅝ and Atlantic Richfield lost $1 to $139⅝.

Precious metals mining companies edged higher, reflecting a jump in the gold price which was quoted $8.30 an ounce higher at $402.80 at midsession. Battle Mountain Gold gained $¼ to $10⅛ and Newmont Gold gained $⅝ to $44⅛.

Canada

STRONG oil and gold shares kept Toronto stocks from following a steep drop on Wall Street. The composite index, which is heavily weighted towards resources, lost 13.9 to 3,221.5 on volume of 14.71m shares. Declines led advances by 257 to 198.



ASIA PACIFIC

Speculation pushes Taipei sharply lower

IN THE absence of Tokyo, which was shut yesterday for a holiday, most Pacific Basin markets declined to 1990 lows in meagre turnover. Heavy rains forced Bombay to close.

TAIWAN retreated by 6.1 per cent on speculation about a further rise in oil prices and an unfounded rumour that a trust company was suffering a run on customer deposits.

The weighted index tumbled 191.17 to 2,807.21, its lowest level since January 1988, for a two-day drop of 9.8 per cent. Turnover was T$11.8bn after Saturday's T$14.1bn, the lightest since January last year.

AUSTRALIA fell to its lowest level since April 1989, with the All Ordinaries index losing 15.5 to 1,412.5. News Corp lost 60 cents to A$9, a three-year low, on worries about its plans to issue non-voting shares, and reports that it had threatened to delist from the Australian Stock Exchange.

Food group Goodman Fielder Wattie shed 3 cents to A$1.28 on reporting an operating loss, but Adsteam rallied 6 cents to A$2.44 on reports that company executives would talk to institutions about last week's plunge in its share price.

NEW ZEALAND slipped to a five-year low in quiet trading as high oil prices and domestic interest rates dissuaded buyers. The Barclays index fell 10.50 to 1,498.00.

HONG KONG dropped 2.4 per cent on Gulf worries, with the Hang Seng index losing 70.09 to 2,861.77. Turnover fell to HK$575m from HK$620m.

MANILA declined to its lowest level since May 1987 amid fears of violence during a strike prompted by higher oil prices. The composite index retreated 20.55, or 3.3 per cent, to 605.71 as turnover shrank to 52m pesos from Friday's 88m.

SINGAPORE and KUALA LUMPUR eased in thin business, with the Straits Times Industrial index shedding 15.65 to 1,132.74 and the KLSE composite index 12.43 to 494.81. However, some markets rose; intervention by the market stabilisation fund helped SEOUL's composite index to rise 2.45 to 587.39, and BANGKOK's SET index added 6.06 at 644.01.

Austria on the ropes as shares take a mauling

Antonia Sharpe writes how the Gulf crisis and high oil and interest rates have inflicted further damage

STOCK MARKETS around the world took another mauling last week, as the Gulf crisis showed no signs of being resolved and higher oil prices kept upward pressure on interest rates. The FT-Actuaries world index slipped 4.5 per cent over the week, bringing its fall since the start of the year to 25.4 per cent.

Europe led the way down, Austria falling furthest with a loss of 13.1 per cent in local currency terms. Mr Andrew Thomson of Kleinwort Benson Securities says that Austria has not escaped the international loss of confidence in banking shares, which form a substantial part of the local market index. Creditanstalt, the country's biggest bank, saw its preference shares drop 18.2 per cent last week to a year's low of Sch4,090, after having kept reasonably stable against a falling market.

Mr Thomson adds that Austria's image has been tarnished by investor disillusionment with Eastern Europe, and its dependence on imported oil. Furthermore, there are still several new issues weighing on the market, including Bau Holding, one of Austria's leading construction groups. On a brighter note, however, Austria's economy is still in good shape, says Mr Thomson, pointing to 5.0 per cent growth in gross domestic product in the first half.

Across the Alps, the Italian stock market sank 8.6 per cent, and the local index touched a low for the year, as rising crude prices and a collapse in the lira put the deceleration in the rate of inflation and a stabilisation of the trade deficit into jeopardy.

Mr Darren Williams of UBS Phillips & Drew fears that the Bank of Italy will have to raise official interest rates to defend its currency, though this would have an adverse affect on government finances, corporate profits and investment. "With the fiscal position again looking weak, the Government may be once more tempted to tap the corporate sector," writes Mr Williams.

The outlook for the Finnish stock market, which lost 7.4 per cent last week, is still poor, says Ms Alison Brady of Enskilda Securities. Helsinki is suffering from a complete loss of investor confidence, and a recent rise in daily volume to FM30−40m from FM10−15m is ominous. Finland does not have a strong domestic liquidity base so the bourse is very much a victim of the swings in sentiment of a couple of large domestic pension funds and insurance companies.

The Finnish Government's decision to allow foreigners to buy warrants and options on domestic shares has, contrary to many forecasts, led to a sharp fall in their prices, with the result that many companies, even those with favourable prospects, are now trading well below book value.

Norway, on the other hand, is showing the benefits of being an oil producer. It fell only 3.1 per cent on the week and is the only European stock market to show a rise since the start of the year. Ms Brady points out that the market is dominated by two oil stocks, Norsk Hydro and Saga. In addition, Norway boasts a thriving off-shore economy, while its domestic economy has just been through a recession. "In effect, its economy is countercyclical to the rest of the world," she says.

Japan hit a new low for the year, pulled down by reports that Japanese banks were having problems in complying with international capital adequacy standards and fears that several of them might have their credit rating reduced. "Institutional investors, sidelined by the half-yearly book closures, may be encouraged to support the market in the new accounting period," writes Mr Tarek Fadlallah of Nomura International. "However, the absence of energy from the market, increasing scepticism of any rally and uncertainty regarding the state of the world economy will limit any bounce," he adds.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	−13.05	−7.38	+1.54	−2.61	−8.55	+4.68
Belgium	−6.89	−4.02	−25.74	−23.75	−26.79	−16.22
Denmark	−5.10	−2.06	−0.02	−7.90	−11.86	+0.87
Finland	−7.36	−10.70	−29.06	−26.24	−30.46	−20.41
France	−4.92	−5.82	−22.83	−24.95	−28.15	−17.78
W. Germany	−8.54	−6.92	−11.18	−18.35	−23.51	−12.46
Ireland	−2.92	−5.19	−25.65	−28.60	−31.62	−21.74
Italy	−8.63	−4.83	−26.00	−22.92	−27.37	−16.87
Netherlands	−2.93	−0.06	−16.79	−14.17	−19.42	−7.77
Norway	−3.09	+2.91	+20.16	+20.02	+13.52	+29.92
Spain	−5.25	−7.43	−33.22	−25.75	−27.84	−17.41
Sweden	−7.28	−4.94	−10.48	−11.61	−17.45	−5.62
Switzerland	−4.06	−3.09	−22.13	−18.88	−17.27	−5.38
UK	−3.74	−3.78	−17.59	−18.09	−18.09	−6.28
EUROPE	−5.26	−4.50	−18.53	−19.14	−21.47	−10.13
Australia	−4.12	−2.49	−14.78	−12.62	−19.95	−8.38
Hong Kong	−4.71	−0.07	+5.83	+1.48	−10.84	+2.06
Japan	−6.99	−4.67	−35.84	−40.74	−45.61	−37.76
Malaysia	−8.33	+3.06	+0.98	−11.44	−22.72	−11.56
New Zealand	−2.63	−2.92	−32.80	−23.08	−30.57	−20.54
Singapore	−5.92	−2.11	−15.48	−17.09	−22.17	−10.93
Canada	−0.32	−3.50	−14.34	−15.18	−25.54	−8.36
USA	−1.73	−0.04	−10.76	−12.25	−23.33	−12.25
Mexico	−1.08	+7.56	+80.68	+68.39	+35.42	−14.78
South Africa	−5.01	−7.28	+1.33	−8.92	−27.18	−16.65
WORLD INDEX	−4.54	−2.98	−22.29	−25.40	−32.08	−22.26

† Based on September 21st 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd.

Vestel makes maximum loss in Turkey

SOURCES close to the Istanbul Stock Exchange said yesterday that investor confidence in Vestel, a subsidiary of Polly Peck International, had been shaken by events of the last few days. Vestel's share price yesterday dropped TL750 to TL12,000; under Turkish stock exchange rules, a share price is not allowed to fall by more than 5 per cent a day, writes David Barchard.

Vestel shares had barely moved since 18 per cent of its stock was floated on the Istanbul Stock Exchange on June 20 – until last week, when they fell 3.77 per cent. "Nobody is buying Vestel," said one investor. It is believed that the stock exchange authorities have been dissatisfied for some time with the performance of Vestel since the flotation, and recently made known their misgivings to Impex, the small bank owned by Mr Asil Nadir and the main market maker in Vestel. The bourse index yesterday lost 54.5 to 5,060.48.

EUROPE

Bourses slide on a bleak Monday

WALL STREET gave bourses a bad afternoon after an already bleak Monday morning, *writes Our Markets Staff.*

FRANKFURT's DAX index fell 30.52 or 2.1 per cent to its lowest close since the mini-crash of October 16 last year, when it dropped by 12.8 per cent to 1,385.72. The FAZ fell 3.94 to 607.08 at midsession, volume slid from DM5.6bn to DM3.9bn and there were reports of further falls of 1½ to 2 per cent in post-bourse trading.

"This really is a bear market, not a bull market correction," said Mr Jens Wiecking of Merck Finck in Düsseldorf. Political, economic and corporate influences included reunification costs and potential tax increases, inflation worries and the interest rate outlook, and increasingly gloomy corporate news and prospects.

Blue chips led the decline, but there were big falls in construction and retailing where Bilfinger & Berger dropped DM60 to DM710 and Asko ended DM85 lower at DM830. Continental rose another DM9 to DM266 after Friday's DM24 gain, on rumours of buyers friendly to Pirelli.

AMSTERDAM fell 3.3 per cent as a decision by Rodamco, the real estate investment fund, to stop buying back its own shares at net asset value hit an already vulnerable market. The CBS Tendency index lost 3.1 to 94.3 and volume slipped from Fl 865m to Fl 762m.

Rodamco was suspended at Friday's close of Fl 73.30 before the announcement, and brokers feared a sharp fall when trading resumed. VIB, a smaller property fund, also asked the bourse to suspend trading in its shares after Rodamco's statement, and brokers expected it to take a similar decision.

Meanwhile, the market waited for guidance. Rodamco, which has spent Fl 2.3bn on buying back 20 per cent of its outstanding share capital over the last nine months, had about one third of its property in the UK.

PARIS resumed its slide in thin volume, with Wall Street's retreat adding to worries about higher oil prices and lower bond futures. The CAC 40 index dropped 41.01 or 2.7 per cent to a year's low of 1,502.52 in turnover estimated at FFr1.8bn.

Blue chips fell sharply. Among stocks losing more than 5 per cent, Saint-Gobain fell FFr24 to FFr332, Peugeot FFr30 to FFr505, Michelin FFr3.40 to FFr59.50 and Suez FFr15.30 to FFr277.90.

CMB Packaging, which reported disappointing results last week, plunged FFr9 or 8.2 per cent to FFr101 and Compagnie Bancaire dropped FFr27 or 7.6 per cent to FFr329. The bourse temporarily suspended trading in both stocks because of the steepness of their falls.

A put-through in La Rochette, the holding company, lifted the stock to the top of the volumes list; it was unchanged at FFr47 with 749,738 shares traded. As expected, Lyonnaise des Eaux shareholders approved the merger with Dumez, the construction company; Lyonnaise lost FFr17.30 to FFr462.70 and Dumez slipped FFr5 to FFr606.

Pinault, the timber company, and CFAO, the trading group, were suspended at Friday's closing prices of FFr422 and FFr369 respectively. Pinault, which owns 33.1 per cent of CFAO, said that it planned to buy the rest of the company.

MILAN failed to hold on to early gains as investors retreated to the sidelines before the September settlement deadline on Friday. The market was still worried about the ability of Lombardfin, the securities company, to pay its debts, as its financial troubles did not appear to be completely settled. Trading was further hampered by a power blackout mid-morning which brought dealings to a halt for about 15 minutes. The Comit index inched up 0.6 to 562.97.

Fiat rose L70 to L6,221 after Mr Giovanni Agnelli, its chairman, said that an announcement could be forthcoming soon on talks with Chrysler, the US automaker. The car company is due to report interim results this week. IFI, the Fiat investment company which reported that its net profit rose 52 per cent, added L725 to L16,975.

Tyre manufacturer Pirelli closed L28 better at L1,709 but slumped to L1,690 after hours on the news that Continental of West Germany had rejected its bid to merge their worldwide tyre interests.

ZURICH saw the Crédit Suisse index fall 11.4 to 500.7. Brown Boveri bearers dropped SFr370 to SFr3,910 after a weekend Swiss referendum voted for a 10-year moratorium on the construction of new nuclear plant.

Mr Chris Heminway of Williams de Broë said this was all wrong: "Brown Boveri does have a tiny part of its global business in supplies to nuclear plant construction," he said, "but in Switzerland, it's microscopic."

MADRID was disturbed by rising oil prices and falling Wall Street shares, and the general index lost 4.89 to 216.31, another 1990 low. Among the worst performers were construction shares; Uralita dropped Pta200 or 11.4 per cent to Pta1,560, Asland lost Pta235 or 7.5 per cent to Pta2,905 and Valderrivas shed Pta1,000 or 6.2 per cent to Pta15,200.

STOCKHOLM dropped 3 per cent as mounting pessimism prompted heavy selling. The Affärsvärlden General index fell 31.6 to 1,030.1, a low for the year. Turnover jumped to SKr392m from SKr278m.

The weighted index was badly affected by a sharp drop in Ericsson shares, with the free B class falling SKr11 to SKr200. Trading in Gota and its main owner, Proventus, was suspended before news that Proventus was selling its stake to the insurance group, SPP.

The ATHENS general index fell 106.12 or 7.9 per cent to 1,238.3 and, in VIENNA, the bourse index fell 31.33 or 6.2 per cent to 473.82.

SOUTH AFRICA

JOHANNESBURG finished slightly higher yesterday, although trading remained cautious. Firmer bullion prices lifted gold shares, with the JSE all-gold index rising 22 to 1,514, after recovering from a day's low of 1,481. The all-share index added 19 to 2,736.

In the gold sector, Vaal Reefs rose R1 to R276 and Beatrix gained 75 cents to R22. Among other mining stocks, De Beers, trading ex dividend, lost 75 cents to R70.25.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY SEPTEMBER 21 1990								THURSDAY SEPTEMBER 20 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (79)	138.69	−1.5	111.41	120.01	113.74	111.34	−1.8	6.83	140.78	111.67	121.74	115.68	113.16	158.31	125.86	153.13
Austria (19)	190.69	−3.5	153.19	165.02	156.39	155.91	−3.8	1.75	197.51	156.68	170.80	162.30	162.11	285.63	190.69	154.24
Belgium (61)	129.59	−1.8	104.11	112.14	106.28	103.54	−2.0	5.59	132.01	104.72	114.14	108.47	105.84	160.02	129.59	138.87
Canada (119)	129.69	−0.4	104.18	112.22	106.35	108.28	−0.5	3.75	130.19	103.27	112.57	106.97	108.79	153.61	128.82	147.96
Denmark (33)	244.33	−2.9	196.29	211.44	200.39	199.64	−2.4	1.49	251.54	199.54	217.52	206.69	204.50	277.82	236.69	195.00
Finland (26)	106.10	−2.1	85.23	91.82	87.02	83.42	−1.9	3.28	108.43	86.01	93.77	89.10	85.07	152.29	106.10	127.08
France (122)	128.29	−0.1	103.07	111.01	105.21	106.26	−0.2	3.85	128.41	101.86	111.03	105.50	106.50	168.85	128.29	134.29
West Germany (92)	108.31	−2.5	87.01	93.74	88.83	88.83	−2.7	2.52	111.11	88.14	96.09	91.29	91.29	144.63	108.31	99.31
Hong Kong (48)	119.54	−2.0	96.03	103.44	98.04	119.11	−2.0	5.46	122.02	96.80	105.52	100.27	121.55	147.49	112.24	114.17
Ireland (17)	142.08	−1.0	114.14	122.96	116.53	117.56	−1.2	4.44	143.51	113.84	124.10	117.92	119.02	198.57	142.08	154.00
Italy (94)	81.82	−1.7	65.73	70.80	67.10	71.86	−1.8	3.32	83.22	66.01	71.96	68.37	73.18	109.26	81.82	93.27
Japan (454)	122.87	+0.2	98.71	106.33	100.78	106.33	+0.3	0.79	122.57	97.23	105.99	100.73	105.99	197.26	118.66	179.88
Malaysia (35)	202.57	−2.2	162.74	175.29	166.13	210.80	−2.1	2.89	207.16	164.33	179.13	170.22	215.30	250.89	195.23	202.17
Mexico (13)	504.45	−1.0	405.25	436.53	413.72	1611.87	−0.3	0.32	509.58	404.22	440.64	418.71	1616.79	561.41	324.53	318.31
Netherland (42)	132.71	−0.2	106.61	114.84	108.84	107.72	−0.2	5.28	132.91	105.44	114.93	109.22	107.98	149.08	130.43	128.84
New Zealand (17)	57.28	−3.2	46.02	49.57	46.98	49.57	−2.2	7.22	59.17	46.94	51.17	48.62	50.67	75.36	57.28	82.40
Norway (23)	259.65	−1.9	208.59	224.69	212.95	214.71	−1.8	1.48	264.61	209.90	228.82	217.43	218.73	278.79	202.34	185.41
Singapore (25)	157.84	−1.6	126.81	136.59	129.45	126.64	−1.4	3.25	160.39	127.23	138.70	131.79	130.50	209.24	156.96	166.09
South Africa (60)	163.80	−0.6	131.59	141.75	134.34	138.51	+0.0	4.18	164.78	130.71	142.49	135.40	138.53	251.39	163.80	156.73
Spain (42)	134.69	−0.7	108.20	116.56	110.46	100.35	−1.2	5.47	135.85	107.80	117.30	111.46	101.53	182.25	132.84	163.40
Sweden (34)	181.44	−2.9	145.76	157.02	148.81	156.25	−2.9	2.59	186.77	148.15	161.51	153.47	159.88	234.93	173.89	177.32
Switzerland (65)	89.06	−0.4	71.55	77.08	73.05	72.97	−0.3	2.91	89.46	70.97	77.36	73.52	73.21	109.77	88.75	89.73
United Kingdom (301)	148.77	−1.0	119.52	128.73	122.00	119.52	+0.3	5.82	150.27	119.20	129.93	123.46	119.20	176.18	139.87	153.64
USA (534)	125.52	−0.1	100.84	108.62	102.95	125.52	−0.1	3.92	125.83	99.66	108.64	103.24	125.63	148.95	123.82	140.99
Europe (971)	127.96	−1.2	102.80	110.73	104.95	103.77	−0.7	4.47	129.50	102.73	111.99	106.42	104.55	157.65	127.96	130.17
Nordic (116)	187.18	−2.7	150.37	161.98	153.51	150.31	−2.5	2.02	192.36	152.59	166.34	158.06	164.17	223.29	185.01	164.73
Pacific Basin (658)	123.19	+0.1	98.96	106.61	101.03	106.74	+0.1	1.21	123.09	97.64	106.44	101.15	106.59	192.75	119.53	178.22
Euro−Pacific (1629)	125.46	−0.5	100.79	108.56	102.89	108.21	−0.2	2.57	126.03	99.98	108.98	103.55	106.45	174.18	125.46	157.94
North America (653)	125.68	−0.1	100.97	108.78	103.10	124.41	−0.1	3.91	125.82	99.81	108.82	103.41	124.56	148.43	124.33	141.31
Europe Ex. UK (670)	114.57	−1.3	92.04	99.16	93.98	94.25	−1.5	3.54	116.11	92.11	100.43	95.43	95.64	145.82	114.57	115.20
Pacific Ex. Japan (204)	126.20	−1.8	101.39	109.23	103.51	108.56	−1.8	6.00	128.49	101.92	111.12	105.59	110.51	148.72	122.53	134.55
World Ex. US (1821)	126.20	−0.5	101.38	109.22	103.51	106.99	−0.2	2.83	126.78	100.57	109.64	104.18	107.24	173.77	126.20	157.68
World Ex. UK (2054)	122.65	−0.3	98.53	106.14	100.60	112.13	−0.2	2.75	122.96	97.54	106.33	101.04	112.39	162.00	121.96	150.39
World Ex. So. Af. (2295)	124.73	−0.3	100.20	107.95	102.30	112.67	−0.2	3.07	125.14	99.27	108.22	102.84	112.88	161.84	124.73	150.62
World Ex. Japan (1901)	127.30	−0.6	102.28	110.17	104.42	116.36	−0.4	4.22	128.08	101.60	110.77	105.26	116.87	151.59	127.30	137.19
The World Index (2355)	124.97	−0.3	100.39	108.15	102.50	112.84	−0.2	3.07	125.38	99.46	108.42	103.03	113.05	162.05	124.97	150.66

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited. 1987

Latest prices were unavailable for this edition.

CONSTITUENT CHANGES: At the quarter-end review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from October 1 1990: Additions: Molson A (Canada); Casino Pref. (France); Aker B Free, Bergesen A Free, Kvaerner B Free, Orkla Borregaard B Free and Vard B Free (all Norway). Deletions: Bond Corp. (Australia); Mondadori (A) Ordinary, Pref. and Non. Conv. Savings (all Italy); AGA A, Alfa-Laval A, ASEA A, Electrolux A, Ericsson A, SKF A and Sandvik A (all Sweden). Classification change to an existing constituent: Racal Electronics to Telephone Companies. It was also decided to use the international share quotations of MISC and Public Bank (both Malaysia) and United Overseas Bank (Singapore).

A quick buck is no basis for a meaningful relationship.

CIN

When we offer you venture capital, a quick return is not what we're looking for. Unusual for a venture capitalist, perhaps; but at CIN we enjoy building relationships that last. And since we're backed by two of Europe's largest pension funds, we can afford to take a more flexible, longer-term approach. For more information on our more adventurous approach to venture capital, call Catherine Lewis at CIN Venture Managers Limited on 071-245 6911. It could be the start of a rewarding relationship. Member of IMRO

هكذا من الاصل

FINANCIAL TIMES SURVEY

PERSONAL COMPUTERS AND SOFTWARE

SECTION III

Tuesday, September 25, 1990

Personal computers are at the epicentre of the storm now buffeting the world's traditional computer manufacturers. Essentially, these machines constitute the fastest-growing sector of the market, but they offer the lowest margins, explains **Alan Cane**

New horizons in automation

THE PAST 12 months have seen the coming of age of the personal computer. Once the *enfant terrible* of the data processing business, personal computers now generate more revenues, if not more profits, than any other sector of the computer industry and have secured their position in the computing hierarchy.

According to Dataquest, the US-based marketing consultancy, the worldwide "if-sold" value of PCs shipped, grew by 31 per cent over 1988 to reach $67.9bn.

While that rate of growth has not been maintained – the best estimates suggest rates of between five and ten per cent in the US and 20 to 25 five per cent in Europe in 1990 – total if-sold value this year is probably close to $80bn. The worldwide market for information technology equipment in 1989 was about $250bn, according to IDC Europa.

To anyone under 30 years of age, all that may seem obvious; it is often a surprise to those brought up on personal computers in the home, school and college, to realise that there was a substantial, mature data processing industry before the launch of the Apple II, in the late 1970s. Equally, many experienced data processing practitioners still have problems accepting that personal computers have a permanent role in professional computing.

The importance of personal computers and their role in changing the computer industry, however, is no longer in any doubt. At International Business Machines, the world's largest computer manufacturer and the market leader in personal computers, for example, there is now little difference between revenues from mainframes and revenues from personal computers.

They are rapidly taking the place of traditional computer terminals in mainframe-based computer systems, replacing minicomputers for departmental and office applications and opened new horizons in automation for small and medium sized businesses.

The primary reason for this diversity of influence is the power which semiconductor manufacturers are now able to build into microprocessor chips.

Chips which process 32 bits of data at a time from the US semiconductor manufacturers Intel and Motorola are the foundation of the personal computer revolution.

Software which takes advantage of the processing capacity of 32-bit chips and provides advanced facilities has played a major part in the advance of the personal computer.

Personal computers constitute the fastest growing sector of the market, but offer the lowest margins. The difference between the manufacturing cost of a mainframe computer and its selling price may be 70 per cent or more.

Intense competition

For a personal computer, this gross margin falls to 30 per cent or so, so the amount of after sales service that can be offered is limited. Competition is intense and for most makers there are few economies to be found from improvements in manufacturing.

Mr Michael Dell, founder and chairman of Dell Corporation one of the fastest growing US personal computer makers, points out: "There is so little labour content in our products that even if we used robots provided free it would hardly affect our costs".

Computer manufacturers including IBM, Unisys and Digital Equipment find it hard to reconcile their traditional cost structures with the economics of the personal computer business.

According to Dataquest, one-in-four personal computers today is sold directly to the customer. By 1994, that will be one in six. A consequence is the importance in the personal computer business of the "channels," indirect ways of getting the product most economically to the customer.

Mr Greg Nolan who analyses the personal computer business for the US marketing consultancy Dataquest, says conventional channels – dealers and value-added resellers – are undergoing "a phase of Darwinian evolution. Today's dinosaurs are having to decide whether to evolve into mammals or birds."

He means that there will increasingly be no room for the smaller dealer who adds little to the product in terms of specialised software or services.

To remain in business, a dealer will either have to become a mass merchandiser, turning a profit on large scale sales, or a specialised value added reseller, adding specialised software or services to the basic product.

Computerland Europe, for example, part of the worldwide Computerland franchising and support operation, recently announced a new category of computer centre – Computerland International Centres (CIC) – to provide a high level of expertise and value-added service. To become a CIC, a Computerland franchisee has to pass a series of tests similar to those set by IBM for its dealerships and which are recognised as the industry standard.

Manufacturers are taking a diverse approach in their efforts to find a compromise between the most economical method of distributing their products and the need to provide their customers with service and support.

Compaq, the market leader in top-end personal computers, has always eschewed direct sales, relying instead on a comprehensive network of 1,650 loyal, competent dealers.

Dell, on the other hand, pioneered a channel which could be thought of as mail order but which the company prefers to call "direct relationship marketing." The company sells principally to large companies each of whom buys several hundred to several thousand machines over a period of time.

Deals are contracted by an account salesperson but everything else, including after sales service, is handled by mail, telephone and so on. It seems to work. Dell regularly turns up top of polls assessing customer satisfaction.

Marketing channels

The importance of selecting and developing marketing channels has tended to obscure technological issues in the past year. Many of the major debates of earlier periods have lost their impact. So customers are resigned to two standards of the operating system, Unix for small and medium-sized machines, one from Unix International, the other from the Open Software Foundation.

They are also resigned – at the top end – to microchannel architecture (MCA) machines from IBM, and its followers, and extended industry standard architecture (EISA) from Compaq and its supporters.

Technologically, the past year has been a period of consolidation rather than dramatic advance. The best-selling computers remains those based on the Intel 80286 chip, although a steady migration is in evidence towards computers based on the high performance 80386 and 80386SX, a version that provides many of the features of the 80386 at a lower cost.

An interesting development at the low end of the market was IBM's return to the home computer business with a simple system with the functionality to run sophisticated software such as Microsoft's "Works." It is now half a decade since IBM made an ill-judged attempt to capture the home market with a poorly-styled and designed system. It remains to be seen if it has the formula right this time.

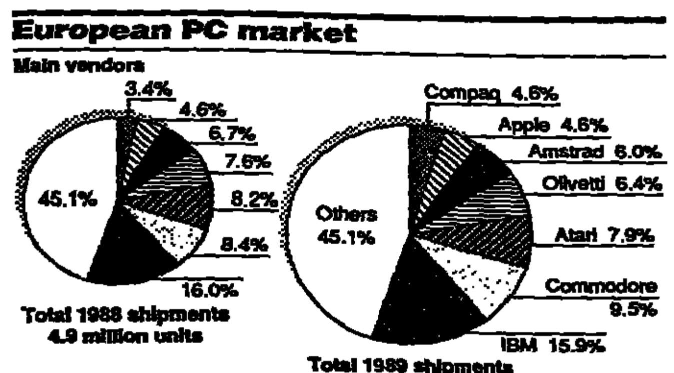
Apple Computer, the pioneer of home computing, may have helped by failing to launch a low-cost, home orientated system this year.

Technical issues are expected to come to the fore in the next year as manufacturers attempt to capture the market for "notebook-style" computers, small, powerful and with the ability to run for hours or weeks on one set of batteries.

Many believe these offerings will contain the seeds of the future of personal computing.

European PC market

Main vendors



Source: Dataquest

The shape of things to come?

A new user-friendly workstation, pictured left, incorporates a personal computer without a keyboard – it has, instead, a "work slate" concept, called the Innodesk, which incorporates handwriting and speech recognition, integrated with fax, word-processing and graphics facilities.

The prototype system, from AEG Olympia, may appeal to executives who are still wary of using a keyboard. It has a microphone for speech input and an electronic pencil which serves as a mouse, cursor or keyboard-substitute when used with a graphic tablet.

IN THIS SURVEY

■ *Western Europe*: now a major battleground for the world's personal computer manufacturers.

■ The US: a maturing US personal computer market has entered phase of slow growth, with analysts predicting that 1990 sales will be little higher than those of last year.

■ Japan: notebook-sized PCs flood into offices and homes

■ The Soviet Union: the domestic computer industry is in serious trouble.
PAGES 2-3

■ Operating systems: big debate over the essential software component which sits between computer hardware and end-user applications.
■ Workstations: falling prices and increasing processing power attract wider interest from corporate users.
■ Portable and laptop computers: rapid market growth.
PAGE 4

■ Production profile: Amstrad – mass market emphasis
PAGE 5

Amstrad's Alan Sugar: introducing a new range of professional computers.

■ Production profile: Apple - at a turning point. PAGE 6

■ Personal productivity: the next step forward.
■ Computer security: the threat from within. PAGE 7

■ Connecting systems together: a surge of growth in local area networks.
■ Software production: the problem of delays in software development. PAGE 8

Editorial production: Michael Wiltshire.

The COMPAQ SYSTEMPRO family.
Start at the top and build up from there.

Today people expect more and more from PC networks. Extra users on the network want greater computer support.

They want increased performance faster. And all at the same time.

The pressure on your network can be crippling.

The COMPAQ SYSTEMPRO PC System family will meet your network needs now and will grow with you to match your increasing requirements.

COMPAQ SYSTEMPRO products deliver an unprecedented combination of total system performance and expandability.

They are ideal as LAN servers or multiuser hosts.

They can also take advantage of new client/server applications like sharing databases; managing multiuser transaction processing, and acting as network bridges or mini/mainframe gateways.

ALL THE PERFORMANCE YOU NEED.

The COMPAQ SYSTEMPRO family gives you the flexibility to work with both 386 and 486 technology.

The 33MHz 386-based COMPAQ SYSTEMPRO models provide an excellent platform for file server environments, whilst the 486-based COMPAQ SYSTEMPRO models, incorporating the unique ServerCache design, maximise the 486 performance for processor intensive departmental applications.

And when you need the highest possible processing performance, you can take advantage of the unique multiprocessing capabilities of the COMPAQ SYSTEMPRO – adding a second 33MHz 386 or 486 to nearly double computing power.

AT THE SPEED YOU WANT.

Nothing holds you up when you are running data sharing applications.

The multiple system processors are integrated into the COMPAQ Flex/MP Architecture. This combines a separate processor/memory bus with the Extended Industry Standard Architecture (EISA) I/O bus, so every component works at its maximum speed.

READY WHEN YOU ARE.

The advanced drive array technology provides data transfer of unprecedented speed. It transfers data up to four times faster than non-arrayed disk drives.

Users can obtain almost instant access to server or host-based data, and benefit from increased data security.

DEMAND MORE. GET MORE.

The performance is staggering, the expandability amazing. As you introduce more users and more complex applications, the performance of the COMPAQ SYSTEMPRO can actually be increased by simply adding options such as system processors or drive arrays. There can't be a better way to protect your investment.

GETTING THE MOST.

The COMPAQ SYSTEMPRO family leaves you totally free to work with the network and multiuser operating system of your choice.

You can take advantage of powerful network environments such as Novell NetWare 386, SCO UNIX System V/386, Microsoft LAN Manager and Banyan Vines.

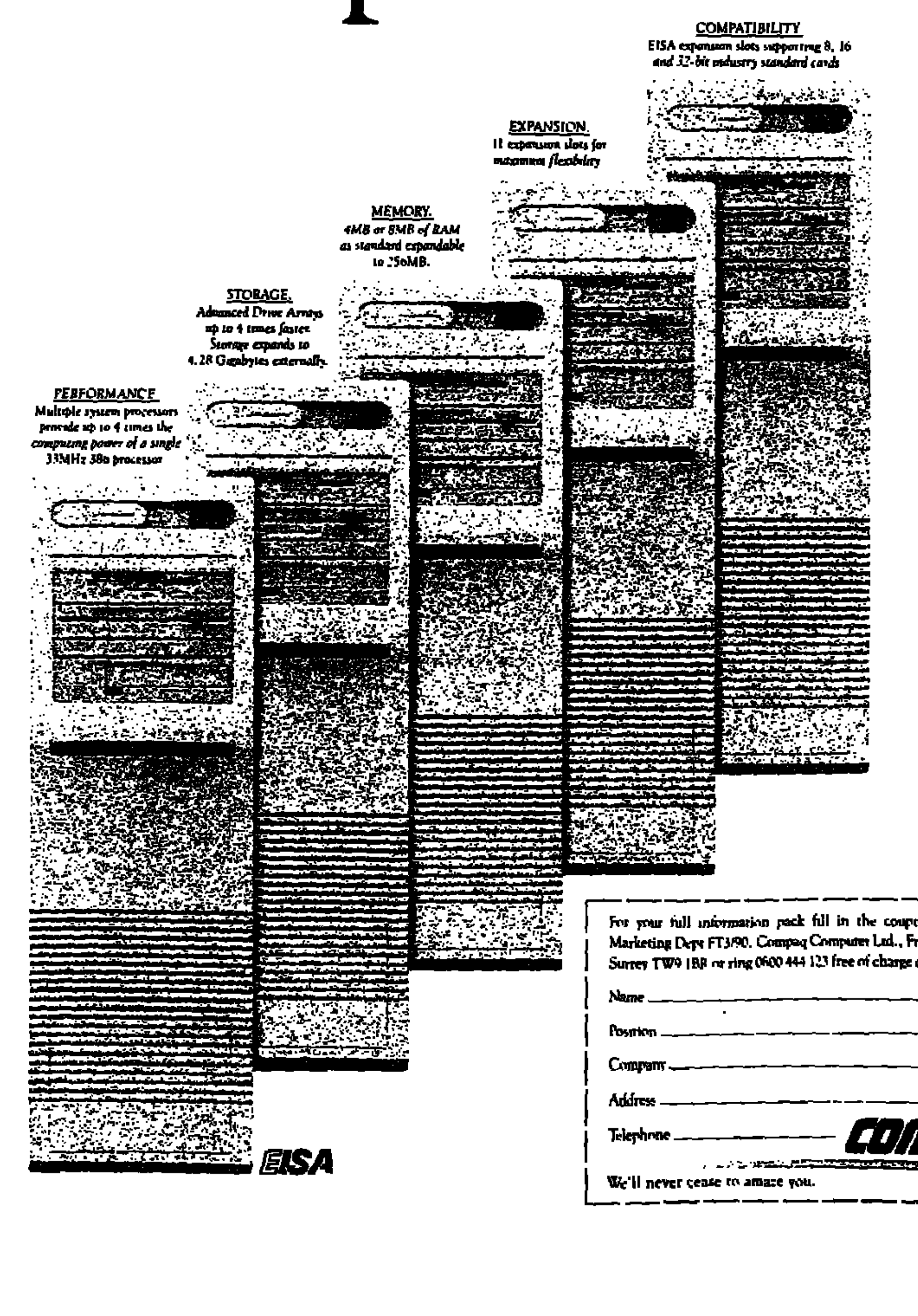
If you are working under Ethernet or Arcnet protocols high performance EISA boards are available from leading vendors.

For Token Ring operations, Compaq offers the world's most powerful network solution – the COMPAQ 32-Bit DualSpeed Token Ring Controller.

EXPERT HELP FOR EXPERTS.

Obviously you want to know more about the COMPAQ SYSTEMPRO family.

Authorised Compaq Dealers are the people to talk to. For the address of your local Authorised Compaq Dealer, and a free information pack, send us this coupon or call free of charge on 0800 444 123.



For your full information pack fill in the coupon and send it to: Marketing Dept FT3/90, Compaq Computer Ltd., Freepost, Richmond, Surrey TW9 1BR or ring 0800 444 123 free of charge quoting ref. FT3/90.

Name
Position
Company
Address
Telephone

COMPAQ
We'll never cease to amaze you.

PRODUCT NAMES MENTIONED HEREIN MAY BE TRADEMARKS AND/OR REGISTERED TRADEMARKS OF THEIR RESPECTIVE COMPANIES

New products may boost a mature market later this year

Big changes in US software arena

Confusion over software standards is one of several factors that have led to slower growth of personal computer sales in the US during the past year, reports LOUISE KEHOE

THE MATURING United States personal computer market has entered a phase of slow growth, with analysts predicting that 1990 sales will be little higher than those of last year. New product introductions by the major manufacturers are, however, expected to give the market a boost in the final months of 1990 .

The US still represents the largest market in the world for personal computers with sales last year of close to $14bn, representing over 60 percent of the world market.

The leading US computer manufacturers – IBM, Compaq, Apple and Tandy – have consolidated their positions in the US market, where they together hold a dominant 64 percent market share.

In 1989, IBM's share of the US market rose to 27.3 percent from 25.4 percent in 1988, according to the Gartner Group, a Stanford Connecticut market research group. The market analysts estimate Apple Computer's share of the US personal computer market at 24.9 percent, virtually unchanged from a year earlier. Compaq increased its share of the market to 11.4 percent from 9.4 percent in 1988.

Other important participants in the US personal computer market are Tandy , with a 5.4 percent market share and Hewlett-Packard with 3.6 percent.

European and Asian personal computer makers such as Bull, NEC, Acer, Olivetti and Fujitsu each hold more than one percent of the US market and together represent a growing challenge to US personal computer companies.

Personal computers in the IBM PC AT class, based on Intel's 286 microprocessor, were the biggest sellers in 1989.

Sales of these machines are rapidly slowing , however, with personal computers based on Intel's newer 386 chip expected to take over the lead this year. Migration to the 386 has been accelerated by booming sales of Microsoft's "Windows" graphical user-interface program, introduced last May.

The program gives standard IBM- compatible personal computers features similar to those of an Apple Computer Macintosh, but it requires the power of an Intel 386 chip to run at an acceptable speed.

Windows has therefore provided personal computer users with a new incentive to upgrade to a more powerful machine. Also creating strong demand in the high-end of the personal computer market is the trend toward networking. More than half of all personal computers use in the US are now linked on networks, according to market researchers.

This trend has dramatically changed the role of the personal computer in office computer systems making it an alternative to the traditional minicomputer with terminals.

An important new class of computers, based on Intel's latest and most powerful microprocessor, the Intel 486, has been introduced by several of the top personal computer makers over the past year. These machines are expected to play a key role in boosting the performance of networked personal computers.

The 486 provides computing power that exceed the requirements of the vast majority of personal computer users, but it can host a multi-user workgroup system or act as a compute server on a personal computer local area network.

Apple Computer, the number two US personal computer manufacturer, has been treading water for the past year struggling to maintain its 24 percent share of the US market. The company is , however, expected to launch a new range of low-end Macintosh personal computers this month which will address its traditional small-business, education and home-user markets.

Sales to small businesses and home office-users are growing at 16 percent annually, more than twice as fast at total shipments, according to BIS CAP International, a Norwell, Massachusetts market research firm.

Sales of "home computers" are growing even faster, the analysts say.

IBM's introduction this year of the PS/1 home computer, together with the anticipated launch of low-cost Macintosh models, will boost home computer sales, they predict.

Retail sales, through department stores and mass merchandisers, are expected to expand significantly.

US Personal computer prices, which rose last year due to the higher component costs have begun to fall again as memory chip prices decline and competitive pressures pick up. IBM and Compaq have both recently reduced the prices of several of their models, while mass merchandisers are playing an increasingly important role in the market offering low-priced "clones".

While the US desktop personal computer market is flat, sales of laptop and notebook sized computers are booming. The latest lightweight models, weighing only about four pounds, incorporate all of the features of a desktop machine including hard disk drives. Portability still comes at a price premium, however, with high-performance laptops selling of about $1,000 more than an equivalent desk-top system.

Laptop prices will start falling as competition in this segment of the market picks up, analysts predict. Among those expected to launch new laptops shortly are IBM and Compaq.

Another new segment of the market with high growth potential is the "handheld" or "pocket computer. These tiny computers rely upon the very latest chip technology to cram all of the functions of an IBM-compatible computer into a pocket-sized case.

In the software arena, major changes are underway. The launch of Microsoft's Windows has given DOS, the most widely used personal computer operating system, a new lease of life. This has raised questions about the future of OS/2, a second generation operating system, launched three years ago by Microsoft and IBM.

The new operating system is designed to take full advantage of high performance microprocessors by providing multitasking capabilities that enable a personal computer to perform several applications simultaneously. OS/2 also incorporates a graphical user interface.

Since the introduction of the first version of OS/2, three years ago, its market impact has been limited by a lack of applications software.

Meanwhile "Windows," Microsoft's program that upgrades DOS into a graphical environment with multitasking, is winning increased support.

UNIX, traditionally a minicomputer operating system, is now finding its way onto networked personal computers and is dominant in the market for computer workstations.

With the introduction by Apple Computer, Hewlett-Packard and others of graphical user interfaces for UNIX which make the system far easier to use, UNIX is becoming a serious contender in the personal computer arena.

Confusion over software standards is one of several factors that have led to slower growth of personal computer sales over the past year.

Also inhibiting growth in the US are general economic conditions and the more mature state of the personal computer market .

Price-cuts are forecast, says Alan Cane

Western Europe now a sales battleground

WITH the market for personal computers in the US now growing at less than 10 per cent a year, Western Europe has become a major battleground for the world's personal computer manufacturers.

Growth in Europe is still healthy; some experts estimate it at 25 per cent a year or more, although they accept that it will follow the US pattern in the next few years. They suggest that the market may grow by only 15 per cent in 1991 and just over 10 per cent in 1992.

Mr Jim Beveridge, computer industry analyst for IDC Europa, takes a more pessimistic line, arguing that market conditions are already dismal. He has two concerns. First, that economies are slowing across Europe and that major customers are cutting back expenditure on all but essential items. New computers and upgrades to existing systems are not regarded as essential, he says.

US companies have the lion share of the European market

Second, he believes that a dearth of accurate and timely market data means that the industry has no control over its own destiny – "it has no idea where its going," he complains. "And if the hardware manufacturers do not know what they are doing, the distributors and dealers certainly do not."

He suggests there is a need for information to be gathered and analysed on a regular basis by an independent body to give the personal computer equivalent of the semiconductor industry's "book-to-bill" ratio, an indication of the balance between supply and demand.

In the US, plans are being laid by major manufacturers to supply market data to an independent consultancy for analysis. Mr Beveridge believes that inventories are building up which will result in heavy price-cutting before long.

It will be an element of a battle, however, in which European-owned manufacturers play only a minor role. Of the seven main competitors, only two, Olivetti of Italy and Amstrad of the UK, are European in origin.

Japanese companies, with the exception of Toshiba, have yet to make an impact on the European market; it is significant, however, that Toshiba is the market leader in laptop computers, an sector in which Japan is dominant and which many believe will be the chief area of future growth. Mitsubishi recently took over Apricot of the UK which will help its performance in the high-end pc/workstation end of the market. The overall leader, with 15.9 per cent of the market measured in units, according to Dataquest, is International Business Machines, a position it has held since it launched its PC in the early 1980s.

Second is Commodore with 9.5 per cent and third Atari with 7.9 per cent. Dataquest's figures indicate that 6.3m units were shipped in Europe in 1989. In past surveys, IBM's market share has been significantly larger. Experts reckon, however, that its present position owes more to the overall expansion of the market than to encroachment by competitors.

What has emerged over the past months, however, is that distribution channels – the indirect routes involving dealers and value-added resellers – are fundamental to competitiveness in Europe.

Romtec, the UK marketing consultancy, argues that IBM's position is the result of its mastery of dealer channels.

It says: "Despite the approach of 1992 and the Single European Market, there are different levels of development in distribution channels. For example, Spain's channels are growing in sophistication as demand for microcomputer products grows, while small microcomputer dealers and distributors in a more developed market in the UK may be prey to takeover by much larger French distribution companies".

Romtec points out that the UK has a disproportionately large number of microcomputer dealers but the average sales of these companies are about a fifth less than the European average.

The overall market is differentiating rapidly. The pc is becoming simply another electronic appliance which gives weight to Mr Alan Sugar of Amstrad's view that computers will penetrate companies and the home as thoroughly as television set and video recorders. Since the launch of Amstrad's business range of computers, it has sold about 2.73m machines worldwide, the greater majority in Europe.

Olivetti remains the major European owned personal computer manufacturer and the only one with a full range of machines competing in all the major markets (Siemens of West Germany which has just merged with Nixdorf, after the latter ran into serious financial difficulties, fields a full range of personal computers and workstations, but is still chiefly confined to its native market).

Olivetti's claims to leadership of the European small computer industry are based on a range of high performance computers, launched late last year and based on the most powerful microprocessor chips from Intel, the 80486 and the i860; the machines use Extended Industry Standard Architecture (EISA), the industry's response to IBM's Micro Channel Architecture (MCA).

European sales may still be growing by 25 per cent a year

For the most part, however, established European compouter manufacturers have tended to badge-label other manufacturers' PCs, rather than build their own. ICL of the UK which is shortly to come under the ownership of Fujitsu of Japan has had unexpected success in selling pcs made by Acer of Taiwan.

Bull of France took the process a stage further by acquiring the personal computer operations of Zenith Corporation of the US and running the company as its personal computer division.

Tulip Computers of The Netherlands has expanded successfully outside its home market, but financial problems at Philips, the Dutch electronics giant, have been blamed on its computer division.

The failure of European manufacturers to rise to the challenge of the personal computer, however, is indicated by the rise of Compaq of the US, now second only to IBM in high end professional machines after only six years competing in Europe.

Success in Europe demands high quality products, excellent customer support and service and mastery of the dealer channels. Compaq now has 1,500 members in its European dealer network.

It is possible that the market will be given a boost by a demand for personal computers from East Europe and the Soviet Union – up to 25m units over five years according to some estimates. But will it benefit Europe's makers or their competitors from the US and the Pacific Rim?

Worldwide PC shipments: by region*

Worldwide consumption	Thousand units, 1989	$ million in 1989
UNITED STATES	10,789	35,059
% of regional market	49	52
CANADA	896	1,962
% of regional market	4	3
JAPAN	1,865	21,831
% of regional market	8	32
WESTERN EUROPE	6,705	4,958
% of regional market	30	7
REST OF THE WORLD	1,953	4,146
% of regional market	9	6
WORLOWIDE	22,208	67,937
% of regional market	100	100

*"Il-sold value": personal computer makers sold more machines to customers in Europe and Asia than to customers in the US, last year, a clear indication of a quickly maturing overseas market.
Source: Dataquest report, 1990.

Top five vendors: worldwide shipments of IBM and IBM-compatible PCs

Vendor	Thousand units, 1989	Pecentage, total units
IBM	2,436	14
NEC	1,172	4
Olivetti	643	32
Compaq	666	4
Toshiba	605	3
TOTAL, top five vendors	5,522	32
Others	11,783	68
TOTAL, all vendors	17,306	100

Despite facing an onslaught from PC-compatibles makers, IBM is well in the lead in terms of PC units shipped in 1989; IBM's share of compatibles shipments is double that of its nearest competitors, NEC and Compaq, says Dataquest.

The world's largest computer exhibition is CeBIT, held in Hannover, Germany. It is the premier international showcase for the latest and finest computer products from around the world. And in 1990, the European computer experts who judge at CeBIT awarded their top honour for design excellence to a Wyse personal computer, our Model 3225. Several PC brands are better known than Wyse to the world at large. But it isn't particularly surprising that one of ours was selected for this prestigious award. Wyse design expertise has been winning a following among computer professionals for nearly a decade. And today, we have an installed base of over 3,000,000 terminals and personal computers. Our design goal always is to add value. The ingenious design of our terminals, for example, gives them more features, styling and ergonomics than the competition. For less money. As a result, Wyse is the largest independent maker of computer terminals.[1]

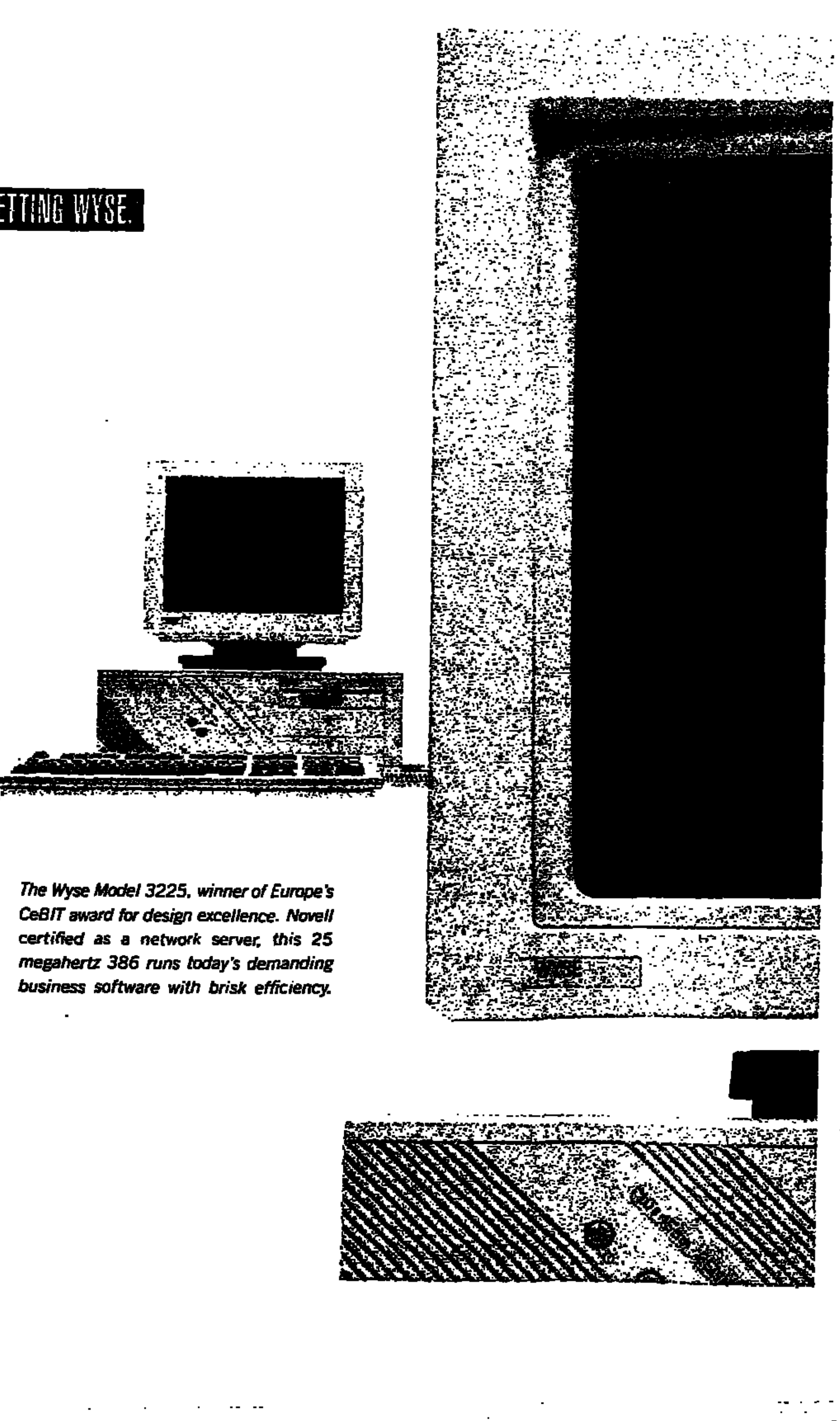
Similarly, our new family of UNIX multiprocessor systems offers better price/performance ratios than any similar line. Plus the investment protection of expandability.

You'll find such value reflected throughout our family of PCs, as well. All are extensions of the design philosophy and capability honoured by the CeBIT judges. To learn more about their winning ways, just call 0800 585911.

Ten of Europe's toughest critics awarded Wyse their top prize.

Over 3 million even tougher critics awarded us their business.

THE WORLD IS GETTING WYSE.

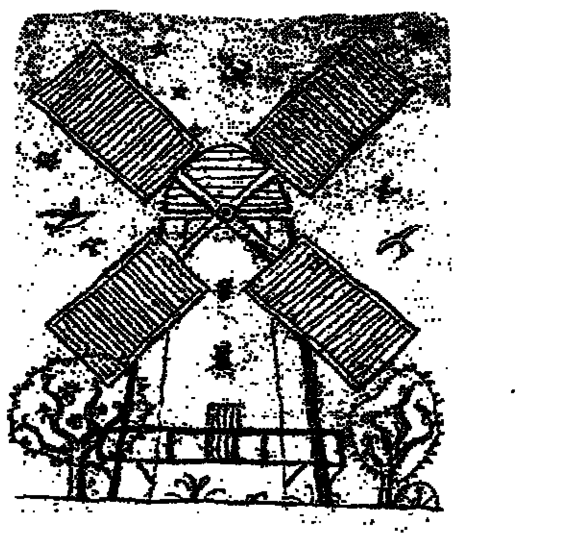


The Wyse Model 3225, winner of Europe's CeBIT award for design excellence. Novell certified as a network server, this 25 megahertz 386 runs today's demanding business software with brisk efficiency.

WYSE

0800 585911
FROM OUTSIDE UK
CALL 44 734 342200

[1]Source: IDC 1989 Terminal Census
WYSE is a registered trademark and Model 3225 is a trademark of Wyse Technology Inc. All other trademarks are property of their respective owners. © 1990, Wyse Technology Inc.



"Ability is the power of applying knowledge to practical purposes".

At Twinhead we believe the key to our success has been our ability to provide practical solutions to today's business problems. ▶ From entry level AT PCs, through 386SX, 386DX and 486 machines, to laptop and network stations; our range of high quality, competitively priced, computer systems are suitable for a wide variety of applications. ▶ To see how we can apply our knowledge to provide practical solutions for your needs, call Julie Grange today on (0256) 811366.

Twinhead

PC production in the Soviet Union

Problems abound

IT IS a feature of the Soviet economy that though it can support the most impressive space programme in the world, it still cannot produce some the core components of a personal computer.

So far, there is still no entirely Soviet-made personal computer which has a hard disk. No state in the former eastern bloc ever managed to mass produce an equivalent of the Intel 80286 microprocessor – the most widely-used chip in western desktop computers.

The scale of the potential demand is immediately apparent, even though market statistics on the USSR are very sketchy. The Soviet PC installed base in 1989 was 400,000, according to Business International estimates.

In a survey of the Soviet market, published last July, the organisation predicts that by 1995 the total demand will stand at 25m units. Under the current Five-Year Plan, the Soviets were scheduled to produce 300,000 PCs in 1989, but it is extremely doubtful that they on course.

Though it is wrong to completely write-off the Soviet's domestic computer industry, it is undoubtedly in serious trouble.

With western machines more freely available, Soviets are shunning the outdated and unreliable Agat, Iskra and other domestically-made machines.

Speaking on Moscow TV last month, the manager of the Elektronmash computer plant in Kiev said his factory was in crisis, due to plummeting orders.

For at least 20 years the guiding R&D principle in the Soviet civilian computer industry has been the reverse engineering of western designs. The Agat, for example is a clone of the Apple II. Full compatibility, however, was never achieved and the Soviets have always had particular trouble with interfaces.

Paul Bygrave is technical director of UK-based Quest Automation and is responsible for the support of the company's 3,000-unit installed base in the Soviet Union.

He says one site had bought a large number of PCs manufactured by the largest eastern bloc computer manufacturer, Kombinat Robotron of the GDR. His customer had been assured that these were fully IBM AT compatible. Bygrave discovered they had a 64-pin male connector on the motherboard, which rendered them virtually unusable with Western peripherals.

"You can take absolutely nothing for granted and have to look at every machine in detail," he says. PCs linked together in a local area network (LAN) are an extremely popular solution in the Soviet Union. They tend to be highly cost-effective – something of great importance to buyers with limited hard currency.

In Moscow, computer operators call up financial data at the Commercial Bank for Innovations.

Andrew Zoltowski, Eastern European Director at networks specialists Novell, says multiple PC systems are playing an important role in Soviet structural reform.

"Perestroika is about decentralisation at both a broad and small scale. As individual organisations decentralise new people at different levels will make decisions – to do this they must have information and they must be able to communicate," he says.

Microsoft-DOS is the dominant PC operating system in the Soviet Union. OS/2, billed by IBM as its replacement, is seen as expensive and is even less popular than it is in the west.

The Soviets primarily use pirated versions of MS-DOS writing their own cyrillic interfaces. Last April a big step towards tidying-up the chaos which this caused occurred when Microsoft released Russian DOS, in conjunction with the US-Soviet joint venture, JV Dialogue.

Software piracy is endemic in the Soviet Union. Moscow programmer Peter Kvitek works for JV Dialogue – he says that most Moscow programmers who wants the latest release of a major western package will have obtained a copy within a month of its release in the west.

The problem of piracy goes beyond the inquisitiveness of individual programmers – it is a structural problem. There is no Soviet software industry; traditionally an organisation will buy a computer, then hire a programmer to make it work – how he acquires the software to do the job is up to him.

Buyers have very limited hard currency. For the cost of a major western software package, an organisation could pay a team of programmers for a year.

The absence of laws protecting intellectual property renders futile any attempts by western companies to protect their products. In June 1989, a collection of major western software companies, including Autodesk, Novell and Microsoft, along with the Soviet Academy of Sciences and the State Committee on Informatics and Computer Technology, met at the town of Pereslavl-Zalessky, near Moscow. They signed a joint declaration demanding new copyright legislation.

Last June,the trade agreement signed by President's Bush and Gorbachev included a Soviet commitment to amend its copyright laws to include computer software. As yet, the hard-pressed Soviet legislature has not come up with new regulations.

Though the Soviet system failed to generate a software industry, what it did produce was large numbers of extremely talented programmers.

Richard Handyside, the UK managing director of CAD/CAM specialists, Autodesk, says the typical Soviet engineering graduate has been educated to a higher level and has a better understanding of surrounding disciplines than his British counterpart.

Autodesk has set up a joint venture company in Moscow, called Parallel, to exploit the skills of the city's programming community. Parallel has thus far produced a compiler for the Autodesk's main product, AutoCad, which is used by hundreds of UK companies.

Robert Farish

Rising demand for notebook-sized PCs in offices and homes

A surging market in Japan

PERSONAL COMPUTING in Japan has finally taken-off in a big way this year, thanks to smaller, low-price notebook-sized personal computers. Japanese manufacturers, too, are benefitting from the rising sales and profits.

These diminutive personal computers, dubbed "notebook-PCs" because of their slim, portfolio-size dimensions and under weighing under 6 lbs., are finally overcoming the Japanese hesitancy to use PCs.

Equipped with high-resolution liquid-crystal displays and power-saving features to extend battery life, notebook PCs have become a trendy item in fashion-conscious Tokyo.

Toshiba advertises its best-selling "Dynabook" notebook PC, using race-car drivers as promoters. TV comedians recommend carrying a notebook PC as a ploy to snag dates at trendy Roppongi singles bars.

Hesitancy in Japan about the use of computers is being overcome

In a word, the crowded, urban masses of Tokyo are finally liberating themselves from pencils and erasers.

Competition within Japan is fierce for the top position in notebook PCs: NEC and Toshiba are slugging it out, with Sharp, Seiko-Epson, and others ready to enter the ring.

NEC's computers covers the full range, from supercomputers to notebook PCs. Its strong suite, though, is in smaller systems, especially PCs. Its 50 per cent share of the domestic PC market accounts for nearly one-third of NEC's total computer revenues. Its "PC 9800 series" of 16-bit desktop PCs has amassed a software library of over 10,000 programs, the largest in Japan.

Yet in the laptop/notebook PC market, the picture is somewhat different. In the US, Toshiba and Zenith tied for the lead in the combined laptop/notebook PC market with 20 per cent each of shipments. NEC was a distant third with 12%, followed by Compaq.

Calling itself the "King of Laptops," Toshiba built an early lead on the success of its T3100 series of larger laptop computers. Using expertise developed in low-power consuming technology, it introduced a new class of small, light machines.

Naming them "notebooks,", these PCs' functionality, styling and remarkably low price made them an instant hit with Japanese consumers. Weighing under 2.7 kilograms and the size of an office-notepad, notebooks caught the public's imagination. The Dynabook was voted the "hit" consumer product of last year by a leading monthly magazine in Tokyo.

But will Toshiba hold on to its early lead in notebooks? At International Data Corp. – Japan's PC specialist – Ken Fukuda – does not think so: "NEC will eventually overtake Toshiba in the notebook race, at least in the domestic market. NEC has a vast chain of dealers dedicated to NEC PC sales, something that Toshiba just cannot match. Its large library of software will provide an additional inducement to buyers," he says.

Getting used to personal computers and keyboards has not come easy to the Japanese. Keyboard "phobia" among males over 40 is a common joke in Japanese offices.

In desperation, some companies took strong measures to overcome this computer shyness. Omron, a Kyoto-based maker of electronic industrial controls, requires middle-level managers to take computer literacy courses. Recently, the company purchased 1,200 Toshiba Dynabook notebook PCs for employees to make sure the training was put to good use.

Japanese wordprocessors, or "waa-pro" as they are called here, paved the way for this year's boom in notebook PC sales. According to Bill Smale of Smale/Brooks Ventures, a computer consultant in Tokyo, "waa-pro" machines, limited though they are in capability, accustomed users to PCs. "While European and American users learn keyboard familiarity from typewriters, kanji character-dedicated wordprocessors fill this role here," he says.

In desktop PC manufacturing, Japan continues to move upstream by offering more powerful machines. This strategy is helping Japan avoid a head-on collision with the strong manufacturing capability of other Asian countries on the low-end of the PC market. Taiwan and Korea, among others, are producing low-priced entry-level and mid-range XT and AT machines, at rock-bottom prices.

But the real action in the Japanese PC market is not in the larger desktop PCs, but in notebooks. Manufacturers had at least two compelling reasons for "down-sizing" desktop PCs. In the first place, personal computers here were regarded as luxury items – expensive, impractical and bulky.

With new manufacturing techniques such as surface-mount technology and with large production runs, makers could afford to cut prices. Entry-level notebook such as NECs "98 Note," for example, could be selling below the Y100,000 (£375) by the end of this year. This is the same pricing point at which VCR and CD-player sales took off strongly in Japan. Another reason, specific to Japan, for down-sizing bulky desktop computers was to cope with the crowded Japanese environment.

The shock waves of the notebook boom are rippling through the software market here, too. Bill Totten, an American who heads one of Japan's biggest software distributors, is at the centre of the storm. His company, Assist KK, is offering a suite of inexpensive software packages targeted at the new notebook user crowd. Priced at under Y10,000 (£35), Assist's line of Japanese wordprocessors and spreadsheets increases the pressure on the entire PC software industry here to meet the average person's need for inexpensive, productive software.

"Japan's workforce is coming out of the dark ages," he says."Up to now, they've relied on outmoded office systems – using pencils and erasers. I'm convinced there is a large pent-up demand for software of this type."

While the new story in personal computing is notebooks, an older project has finally come to a end the Architecture-Extended or AX personal computer standard. The industry is finally accepting what seemed clear to many at the beginning – AX offered too little for too much Yen.

First proposed several years ago, the AX project was an attempt to kick-start the Japanese domestic PC market. The idea was to create a new operating system (OS), allowing domestic users to have two modes. One mode would run Japanese language-based programs using Chinese characters such as the popular Japanese wordprocessor, "Ichitaro."

In another mode, it would run programs based on an English-language, IBM-compatible DOS operating system. This hybrid OS would allow access to the vast array of English language program in business, science and engineering. There was a problem: AX machines sold poorly, were expensive and poorly designed. AX PCs received a cold reception from the home market, too: consumers bought inexpensive "waa-pros," instead.

AX makers attempted to upgrade the graphics displays to the high-resolution VGA standard in hopes of attracting new interest. But the effort was fatally delayed. ASCII Corp., the software publishing company headed by Japan's enfant terrible of computers, Kay Nishi, stumbled in designing the key IC component, a VGA controller. Now, even those who once felt the need for the AX standard have moved on to other more promising projects.

Japanese PC-makers are offering increasingly powerful desktop machines

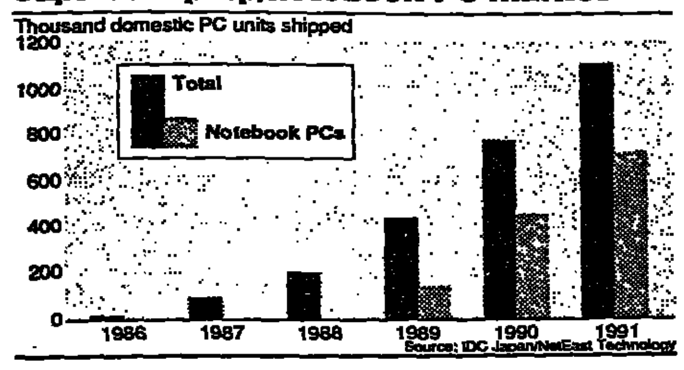
Sharp Corporation was one of the first to attack the problem of providing truly portable computing power for the business traveller. Sharp's "Wizard" fit-in-your-shirt-pocket electronic organisers sell well, worldwide. Sharp claims sales of over 100,000 units a month.

Joining the electronic diary market were Canon, Epson, NEC and Citizen. While lacking the flexibility and storage capacity of notebook PCs, they have filled a need. Yet what the shirt-pocket computing market really seems to need is notebook PC-power, in an even smaller package.

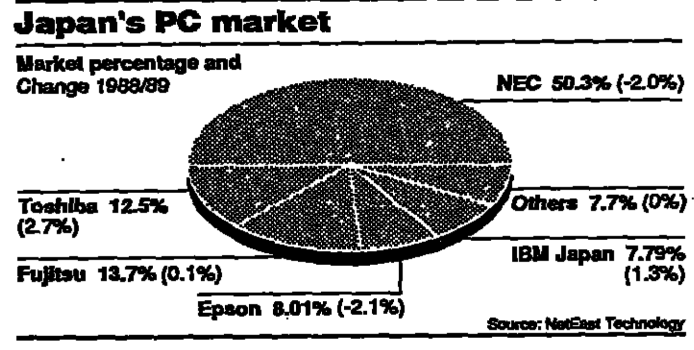
Sony struck the first blow in the palm-top market, announcing recently a machine with the capability of a full-blown computer in a tiny plastic box that fits in the palm of a hand, albeit a very large hand.

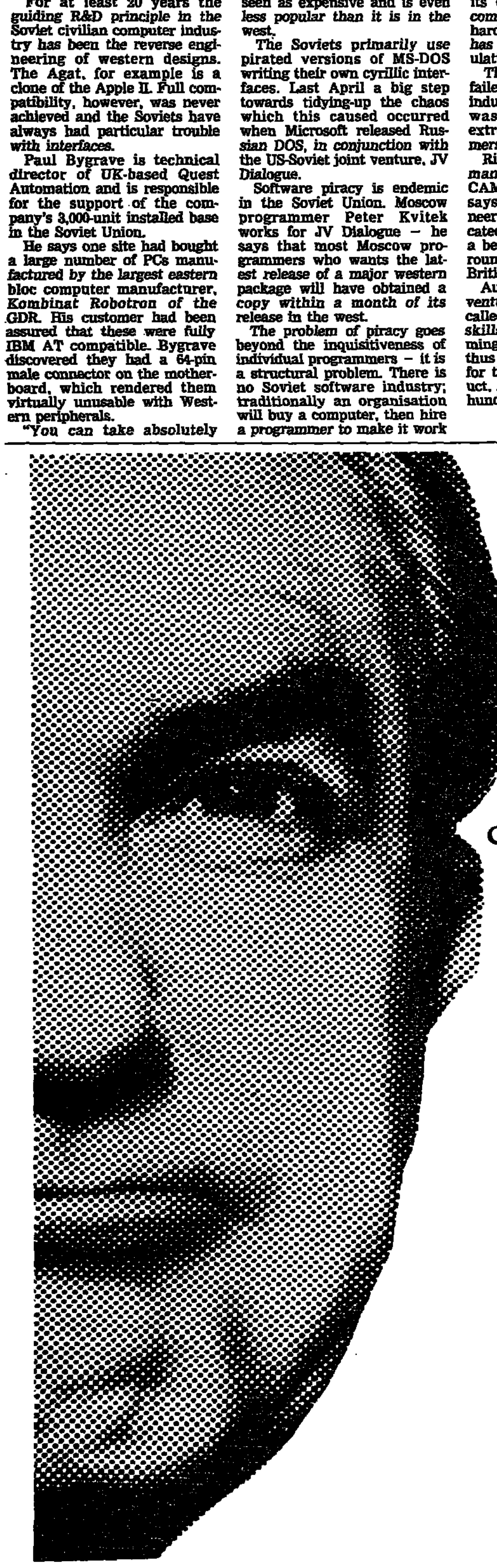
Continued on page 4

Japan's laptop/notebook PC market



Japan's PC market





1992 had come early for us.

We'd grown too big for just one country and were spilling across the Channel further and further every day. Luckily we'd chosen the right network from the start.

VINES from Banyan allowed us freedom to grow that we are just beginning to appreciate. Because now we need to share applications and files right across the globe.

We're expanding our corporate network into four new countries.

VINES lets us do that – and a great deal more. And we can still monitor and diagnose systems on the whole network from right here.

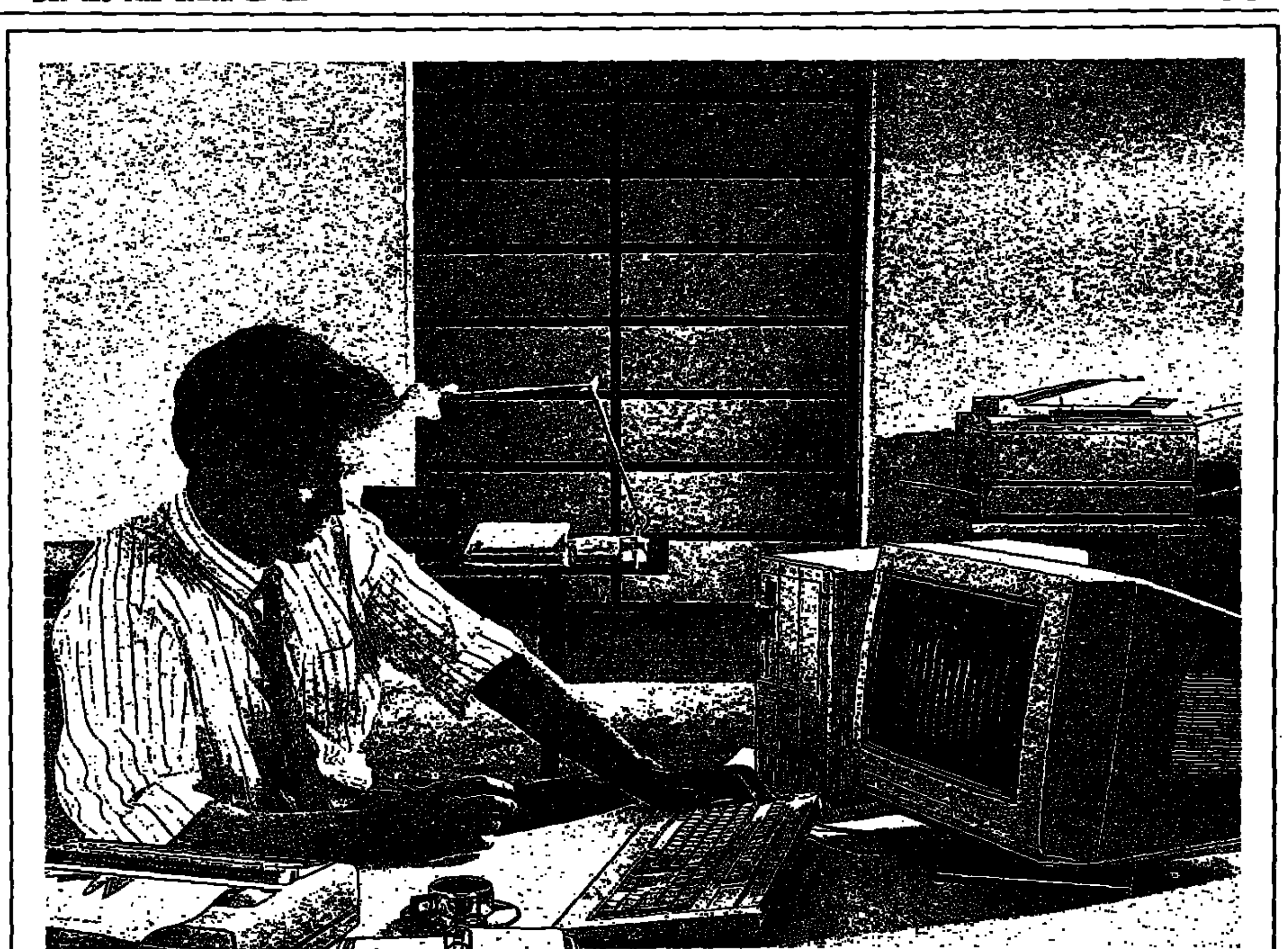
We won't need any new support people.

That's mainly thanks to VINES distributed naming system, StreetTalk. It's truly global, and operates automatically – even across as wide a network as ours.

It's also thanks to VINES multi-lingual capabilities, which allow us to manage native language networks in France and Germany from right here, in English, without having to employ any extra support staff.

If you're currently expanding your corporate network, or are ever likely to, contact: Banyan Systems Europe, Banyan House, Northwood Park, Gatwick Road, Crawley, West Sussex RH10 2XN England. Telephone: 0293 612284.

BANYAN
CORPORATE NETWORKING MADE EASY



I JUST HAD ANOTHER GREAT IDEA. SANYO.

Frankly, running my own company generates enough pressure without having to worry if my office system is up to standard. So I turned to Sanyo.

Leading edge personal computers, fax machines, photocopiers, in fact everything I need in office automation. Sanyo delivers the quality that my customers demand. Right first time, every time.

If you're interested in big returns from a modest investment, try Sanyo. Your customers will be glad you did.

Sanyo. It's not only a smart solution, but probably the only solution.

Some products are not available in certain areas.

SANYO OFFICE AUTOMATION.
THE SMART SOLUTION.

SANYO

SANYO Information Systems (UK) Ltd. - Sanyo House - Otterspool Way, Watford - Hertfordshire WD2 8JX - Tel. 0923/246.363

PERSONAL COMPUTERS AND SOFTWARE 4

Growing range of portable and laptop machines

Buyers spoiled for choice

THE businessman who whips out his laptop computer the moment he is delayed by either air-traffic control or the efficiency of the state-owned railway network, is no longer a rarity. Although the occasional backward-looking businessman may look up in surprise from his Robert Ludlum thriller at the sight of one of these machines, the laptop computer has entered into common business practice.

The impression that the portable computer market in Europe has taken off over the last 12 months is confirmed by the latest figures from Dataquest, the Paris-based market research company.

European sales of laptops increased from about 250,000 in 1988 to approximately 460,000 in 1989 – an increase of about 79 per cent. Preliminary figures prepared by Dataquest suggest that such levels of growth are set to continue: portable vendors shipped about 340,000 machines in the six months to June 1990.

All three significant European markets – France, West Germany and the UK – are growing fast according to the company. Given the rapid growth of the laptop market, it is hardly surprising there has been an explosion of new entrants on to the portable scene, most of them supplying heavier machines over 8 lbs which require less sophisticated technology.

Apart from the market leaders, there are now more than 35 suppliers in Europe, selling between 11,000 and 1,500 units during the first six months of the year, and there are even more shipping fewer.

Nevertheless, in spite of this explosion in suppliers, Toshiba, which was the European market leader last year with about 36 per cent of shipments, has managed to maintain its dominating position with 32.9 per cent of the market for the first six months of 1990.

Compaq, which only really entered the portable arena in 1989, has increased its share from 11 per cent to 13.1 per cent, while Zenith has slipped from 12 per cent to about 9.2 per cent. Sharp has maintained its position with about 5 per cent.

"It's unusual in an emerging sector for the market leaders to maintain their position in the way Toshiba has," says Gordon Curran, marketing director at Dataquest. "It's managed to do it essentially in two ways – by maintaining their technological lead and by dominating the distribution channels."

Certainly the two leading manufacturers are marketing machines which are very different from those in existance even two years ago. Compared with earlier portable computers, laptops are now:

● Far lighter and smaller. The manufacturers have been using miniturisation and down-sizing techniques to create lighter components. Disk-drives and hard-disks have been on F-Plan diets while screens have become distinctly anorexic.

In addition, the electronics inside the computers have also been shrunk thanks to a production technique known as complementary metal-oxide silicon manufacturing, known in one of those ugly acronyms as CMOS. This provides the high component density for the memory and logic chips, and also creates components which consume little energy.

Finally, downsizing – using one component to do the work of two – has also played a significant role in reducing size and weight.

● Far more legible. The latest screens use liquid crystal displays which are far easier to read in poor conditions than earlier technologies. Commercially available colour screens should become available sometime next year.

● Able to run longer. The new screens, miniaturisation and down-sizing, have all acted to reduce power-consumption. In addition, the leading manufacturers have included power management systems which monitor usage of the machine and close down those components which appear immediately redundent.

The two leading manufacturers have also managed to dominate the European market by controlling the distribution networks, according to Mr Curran. The manufacturing technology of the Compaq and Toshiba has allowed them to take cost out of their products at the same time as adding features.

The combination of attractive margins and technologically superior products has proved highly alluring for the computer dealers. In the absence of a credible product from IBM – Big Blue has had a number of disastrous forays into the portable market – the two market leaders have each been able to penetrate about 60 per cent of the European IBM dealership.

According to Mr Gian-Carlo Bisone, the vice-president for marketing at Compaq Europe and its international divisions, Compaq made a deliberate decision to distribute its products through independent dealers.

The high level of penetration of the dealerships by Toshiba and Compaq will provide a significant barrier to entry for the other companies wanting to cash in on the portable computer boom, explains Mr Curran. He argues that even companies with attractive products and technologically sophisticated products will find it difficult to sell their equipment in large quantities.

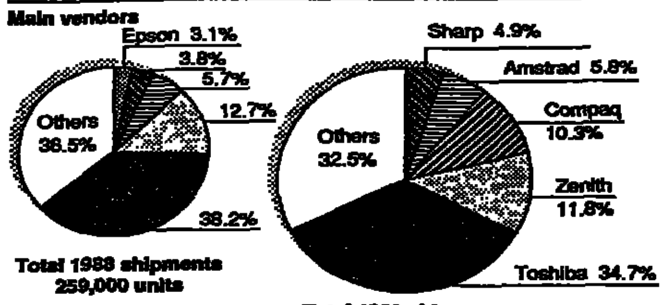
Mr Bisone adds one further significant barrier to entry: the range of products of the market leaders. He says a key element is to have a full line of products offering tailor-made solutions to customer requirements. He believes that the cost of creating such a range could well prove prohibitive for many companies.

There is not a single significant personal computer manufacturer, other than IBM, that has not launched a product on to the portable market during the last 12 months. Prices in this sector are falling fast, generating significant growth in volume terms. However, margins are under pressure in this sector and growth in value terms has not been as significant.

Eventually, portable prices could fall sufficiently low to be sold at department stores and mass-merchandisers, such as Dixons in the UK, or Fnac in France, according to Mr Curran at Dataquest.

Paul Abrahams

European laptop PC market



Source: Dataquest

Laptop PCs: European market shares

Vendors: half-year data, 1990.	Total '000 shipments of units	Europe, percentage of units
Toshiba	111.72	32.9
Compaq	44.36	13.1
Zenith	31.52	9.3
Sharp	17.49	5.2
Victor	11.93	3.5
Amstrad	8.80	2.6
Epson	7.80	2.3
Apple	7.10	2.1
Olivetti	5.98	1.8
OTHERS	35.35	10.4

There are at least 40 manufacturers in the sector. Source: Dataquest.

Della Bradshaw on options between PCs and workstations

Difficult decisions

THE RELATIONSHIP between the workstation and the personal computer has traditionally been similar to that of the Porsche sports car to the Ford Escort. It is a faster, more powerful and more expensive machine, targetted at an elite market segment.

But now the workstation manufacturers are trying to persuade would-be customers that this tuned-up turbo-charged machine is the answer to general office automation needs, as well as those of the design and engineering departments, which have traditionally housed the workstation.

At the head of the queue is Sun Microsystems, which, earlier this year launched a workstation priced at just £4,000 – comparable in price to top-end PCs. When workstations were first introduced, by comparison, they cost hundreds of thousands of dollars.

Other traditional workstation manufacturers, such as Digital Equipment, Hewlett-Packard (HP), Apollo (now part of HP) and Intergraph, are following similar strategies, while Japanese computer manufacturers such as NEC, Sony and Toshiba are also entering the marketplace.

The falling prices of workstations combined with their large processing power means that they are now being considered by many companies as a way of increasing staff productivity, says Bill Passmore, head of Sun Microsystems in the UK.

Sun believes its £4,000 Sparcstation SLC, which can process up to 12.5m instructions per second, will be particularly useful for applications such as eletronic publishing and for gaining access to databases, as well as providing a cheaper tool for the more traditional engineering and design applications.

Distinctions are blurring

But one of the basic difficulties in deciding whether to buy a PC or a workstation is sorting out one from the other. The task is fraught with difficulty, with the distinction between the two becoming more blurred all the time, as workstation makers bring their machines down in price and PC-makers take theirs up in power.

Some manufacturers still believe the workstation is characterised by the "three Ms" – one megabyte of memory, one Mips (million of instructions per second) of performance speed and a million pixels (picture elements) on the screen.

Others believe the difference is determined by the operating system it runs – Unix is often seen as the workstation operating system. Others meanwhile put it down to the central processor: it has to be a 32bit system.

Passmore, on the other hand, believes a workstation has three characteristics: it has advanced communications and can share tasks around a network; it is powerful enough to give an instant response to the user; and it has a sophisticated user interface, using pictorial icons on the computer screen.

Promoters of the PC will immediately jump to its defence and claim that it demonstrates many of these characteristics. The Apple Macintosh is famous for its screen icons, and IBM's PS/2 PC displays several of the features that purists say characterise the workstation. It is networked, it has a multi-tasking operating system – several tasks can be performed simultaneously – and it has high quality graphics.

In spite of what would seem an overwhelming case in favour of the workstation in many applications, there are problems, both real and perceived. As the term workstation has been linked so strongly with the Unix operating system, the "Unix wars," as they have been called, have served to damage the reputation of the operating system as an open system, to enable computer users to buy equipment from several manufacturers and link them together.

The latest state of play sees manufacturers adamantly fixed in two camps, centred on the Open Software Foundation and Unix International, each camp supporting a different variant of Unix. Manufactures such as Passmore play down the differences between the two – "the two Unixes are very close together, with the work required to move between the two very slight," he says.

A second inhibitor in the take up of Unix as an office system has been the lack of relevant commercial software. Most of the popular office packages – such as word processing or accounting packages have been written to run on IBM PCs under the MS/Dos operating system, rather than under Unix. Passmore says that is all about to change, and within nine months packages representing 80 per cent by volume of MS/Dos business software will run on Sun workstations.

"The logic to buy a workstation is now overwhelming," argues Passmore, persuasively.

That sort of argument seems to be holding sway in the marketplace, which has seen a rapid growth in workstation purchases over recent years. Although the number purchased still falls well behind that of PCs, the workstation is still likely to be the computing tendsetter well into the next decade, according to the Market Intelligence Research Corporation, which predicts the revenues from workstation sales in the US alone will reach \$5.876bn this year, from just \$2.238bn in 1987. By 1994, the US market will be worth almost \$10bn.

Philip Manchester on the operating system debate

The issues are not so simple

THE EVOLUTION of personal computers over the last decade inevitably led to user wanting to connect them together and to larger systems.

It is now generally acknowledged that the mainstream for all business computing in the 1990s will be based on powerful personal computers or workstations connected by communications networks.

Sadly, personal computer software, especially the MS/DOS operating system, was never designed to cope with the complex problems which result from connecting computers together. This has led users and application software developers alike to look for an alternative to MS/DOS.

Until recently, there were only two alternatives. Users could replace their MS/DOS operating software with OS/2, Microsoft's follow-on product launched in 1987, or Unix, the operating system devised in the late 1960s by researchers at AT&T's Bell Laboratories in the early 1970s.

To many users, the issue of operating system choice has been a constant source of frustration and confusion for the last two or three years. The argument has been promoted by vendors as a mutually exclusive choice. You either go for Unix or you go for OS/2.

As a result, many users have put off the decision or decided to do the best they can with MS/DOS and extensions to it. The issues are not simple. The operating system is the essential software component (or set of components) which sits between computer hardware and end-user applications.

In traditional personal computers it provides systems services such as access to data files on disk, control of communications with other systems and the housekeeping procedures (security, data protection, and so on) required to keep the software system in order.

MS/DOS performs this job adequately enough and, in the last decade, has attracted an estimated worldwide base of about 15m users, according to market researcher Dataquest.

This growth has occurred despite MS/DOS's limitations and has stimulated Microsoft to put some of them right. But when personal computers are required to perform more advanced functions like the support of several users (multi-user) or several different programs (multi-tasking) simultaneously, the operating system software lets the system down. MS/DOS has been improved over the last ten years and can, for example, send data to a printer or to a communications device, while still allowing the use of anoth er program like a wordprocessor or a spreadsheet.

This is a limited form of multi-tasking but it is not good enough for the type of systems that users want in 1990s. Both the OS/2 and Unix operating systems aim to provide a better environment to run programs simultaneously and to support more than one user.

But the penetration of these systems into the market has been slow and there are still major omissions which prevent them from taking the crown from MS/DOS as the standard operating system for more advanced computing based on microcomputers.

Unix has been the subject of continuing controversy as a plethora of different versions have come to market and served to confuse application developers and users alike. At the same time, OS/2 has suffered development delays and an underlying conflict between developer Microsoft and its main customer IBM. And there is still no version of OS/2 for 32-bit microcomputers such as the Intel 80386/486 machines.

IBM devised OS/2 to fit in with Systems Applications Architecture (SAA) its masterplan for unifying its three main computer ranges - the 370 mainframe, the AS/400 minicomputer and the PS/2 - under a common regime.

From IBM's viewpoint, OS/2 is an IBM-only product and, until last November, the full version was only to be available to IBM's customers. But Microsoft sees OS/2 as the logical step up from MS/DOS and is keen to promote it as the main migration path for all existing MS/DOS users – whether they are IBM customers or not.

In November 1989, IBM and Microsoft went some way to resolving this conflict by agreeing to only one version of OS/2 which would offer all its facilities to all users.

Most software developers have, until recently, concentrated their efforts on MS/DOS -based systems, where they are guaranteed a ready market. A survey of over 1,000 UK users, conducted by the UK software company, Sapphire, in June, shows that OS/2 and Unix are running neck and neck.

Sapphire forecasts an installed base of 17.2 per cent for OS/2 and 17.4 per cent for Unix by the end of 1990. It also notes that about 70 per cent of customers are committed to installing networks in the current year – most of them running under MS/DOS.

Harry Everett, Sapphire's marketing manager says: "For the second year running, the message from our survey is that PC users are more concerned about networking and the issues of connectivity than they are about OS/2 and Unix."

Despite this, Sapphire's survey shows that OS/2 is catching up to Unix. Last year a similar survey showed that the Unix installed base was 11.4 per cent with OS/2 lagging behind at 8.1 per cent.

This trend is supported by other market forecasts. IDC expects worldwide unit sales of OS/2 to be about 330,000 in 1990 up from 173,000 last year. Dataquest sees OS/2 overtaking Unix in mainstream business computing in the next two or three years.

In an analysis in May 1990, Dataquest concludes: "Unix is the better desktop choice for scientific, technical and engineering development efforts. OS/2 is the better solution for companies that require a multi-tasking operating system with both DOS compatibility and connectivity to large IBM systems. We believe that OS/2 will eventually dominate the desktop environment, especially since distribution and sales channels are more established for DOS and OS/2 than for Unix."

Microsoft has adopted a strategy which it hopes will bring developers and users to OS/2. Its MS/DOS-based Windows 3 graphical interface, launched in May, is virtually identical to OS/2's graphical interface Presentation Manager.

Microsoft hopes to use Windows 3 as a stepping stone to OS/2 for existing MS/DOS users. The problem is that Windows 3 has turned out to be so good that many users might not feel the need to move up to OS/2. Microsoft says it has already shipped 800,000 copies of Windows 3 since the launch in May.

There is a precedent in the mainframe community. IBM's original DOS/360 system was launched as a stop gap in the 1960s because OS/360, the full operating system for mainframes, was delayed. IBM expected its DOS users to move to OS when it was ready. There are still about 30,000 DOS-users worldwide and many of them have no intention to change

Rapid change in Japanese market

Continued from previous page: Equipped with a pen-like instrument and built-in handwriting recognition software, the machine is very easy to use.

The spectrum of PCs available in Japan is broad. At the top in computing power are the desk-top engineering workstations offered by SunMicrosystems, Hewlett-Packard and Digital Equipment Corp. Sun alone expects to sell 100,000 units in Japan this year. That would be a massive 67 per cent sales growth rate.

According to Yuji Ogino at International Data Corp.'s Japan office, worldwide shipments by Japanese PC manufacturers were up 35 per cent for the last 12-month period and he sees continued strong growth for notebook PCs, at over 60 per cent a year.

The Japan Electronics Industry Development Association also endorses the bright outlook for smaller PCs. The association reports that laptop/notebook computer shipments rose by 86 per cent and were over half of all computers shipped last fiscal quarter. Shipments headed for the local market grew 24 per cent for the quarter.

Analysts expect a rash of second-generation notebooks, sporting more powerful but relatively inexpensive Intel 80386-SX, 32-bit processors, an improvement over the 8088 and 80286 processors used in current entry-level notebooks.

A second generation of flat panel display devices will complement the increased processor speed of the 80386-SX based notebooks. These notebooks will have VGA resolution giving near photographic display quality. Expected later are units with EGA-quality colour and 64-tone gray-scale flatpanel displays at prices below \$4,000.

The emerging "palm-top" market for computers with require new ingenuity to pack real-world business software packages into notebooks. These programs are typically large and use massive amounts of dynamic RAM memory.

The Japan Electronic Development Association has made good progress in defining standards for IC cards which will pack programs such as Microsoft Windows, Lotus, and *kanji* wordprocessors in to thin packs the size of business cards. Improvements in battery technology may eventually ease the task of PC system designers, but in the meantime, designers are experimenting with cutting down the 6 volts normally required to drive the electric circuits in PCs to 3 volts and less. This promises to markedly extend the time between battery recharges and further improve productivity.

Richard May in Tokyo

SAMPLE PRICES
(excluding carriage and VAT)

PC-486V/25 EISA

25Mhz 80486 cpu, enhanced maths coprocessor and cache RAM, 64K/128K/256K secondary cache option, 32-bit EISA bus, 8MB RAM (max 32MB), 3½" 1.44MB FDD, two parallel two serial ports, six 32-bit EISA slots (fit 16-bit cards also), two 16-bit AT slots, 7 drive bays, tower case, Mouse, MS-DOS 4.01, MS WINDOWS 3.

Mono	Hard Disk	VGA Colour
£4695	100MB/28mS IDE	£4995
£4995	200MB/15mS IDE	£5295
£5445	320MB/18mS ESDI	£5745
£6045	640MB/18mS ESDI	£6345
£7395	1.2GB/18mS SCSI	£7695

PC-386V/33 EISA

33Mhz 80386 cpu, 32k cache RAM, EISA bus, 2MB RAM (max 32MB), 3½" 1.44MB FDD, two parallel two serial ports, 80387-33 or Weitek maths socket, six 32-bit EISA slots (fit AT cards also), two AT slots, 7 drive bays, tower case, Mouse, MS-DOS 4.01, MS WINDOWS 3.

Mono	Hard Disk	VGA Colour
£2395	100MB/28mS IDE	£2695
£2695	200MB/15mS IDE	£2995
£3145	320MB/18mS ESDI	£3445
£3745	640MB/18mS ESDI	£4045
£5095	1.2GB/18mS SCSI	£5395

PC-386B/25 Cache

25Mhz 80386 cpu, 64k cache RAM, 1MB onboard RAM (max 16MB), 80387-25 maths socket, 3½" 1.44MB FDD, 1 parallel two serial ports, four free AT slots, 4 drive bays, compact case, Mouse, MS-DOS 4.01, MS WINDOWS 3.

VGA Mono	Hard Disk	VGA Colour
£1475	40MB/28mS IDE	£1645
£1775	100MB/25mS IDE	£1945
£2025	200MB/15mS IDE	£2195

PC-386SXB/16

16Mhz 80386SX cpu, 1MB onboard RAM (max 8MB), 80387SX-16 maths socket, 3½" 1.44MB FDD, one parallel two serial ports, five free 16-bit AT card slots, 4 drive bays, compact case, Mouse, MS-DOS 4.01, MS WINDOWS 3.

VGA Mono	Hard Disk	VGA Colour
£995	40MB/28mS IDE	£1165
£1245	100MB/25mS IDE	£1415
£1545	200MB/15mS IDE	£1715

ALSO AVAILABLE:
PC-286M Slimline (1MB RAM, 40MB HDD, VGA Mono) £775
PC-88M Slimline (640k RAM, 20MB HDD, Mono) £595

Each PC comes with a keyboard, monitor (14" tube), comprehensive manuals, 12-month Warranty, and Unlimited Technical Hotline Support. Optional on-site support is available from Response Computer Maintenance at £30 for any PC configuration. All trademarks are recognised. Elonex reserves the right to change specifications and prices without notice. All goods are supplied subject solely to Elonex's terms and conditions of trade.

NEW LONDON OFFICE
Elonex plc, 2 Apsley Way, London NW2 7HF
Fax 081-452 6422
SALES
Tel 081-452 4444
TECHNICAL SUPPORT
Tel 081-450 6262

NORTHERN OFFICE
Elonex plc, 7-9 Campus Road, Listerhills Science Park, Bradford, West Yorkshire BD7 1HR
Fax (0274) 307294
Tel (0274) 307226

EIRE
ERS Computers, Merchant Court
24 Merchants Quay, Dublin 8
Fax 1-6791728 Tel 1-6797774/5

BELGIAN OFFICE
Marktech (Benelux) SA Route Provinciale 244, Bte 7, B-1301 Wavre (Bierges), Belgium
Fax 10-41 45 96 Tel 10-41 42 26

ELONEX
PERSONAL COMPUTERS

THE WIND OF CHANGE

GALE FORCE

You've never had it so good.
A choice of powerful 32-bit computers to suit every pocket.
From the ultra low-cost 386SX to the state-of-the-art 486 and 386 machines using the latest 32-bit EISA technology.
Backed by a professional and friendly technical support team with in-house expertise in connecting PCs together.
Who else can offer you so much for so little?

FT 25/9 Please send me information on the Elonex PC range and services and a reprint of PC User's 486 EISA Review.
COMPANY NAME
NAME POSITION
ADDRESS
TELEPHONE

THE NORTON ANTIVIRUS
Available From
TOTAL CONTROL
Tel: 0488 685299
Fax: 0488 683288

PEMBROKE INTERNATIONAL LTD
DOCUMENT CONVERSION SOFTWARE
Document conversion software for use on industry standard PC/AT, and PS/2 personal computers.
Document formats and character attributes are maintained to provide fully functional documents in the target WP environment.
CONVERT - Wordplex, Oliveti, ICL, IBM, DEC, Wang, Honeywell, Philips, Xerox etc., TO the current major OA systems provided by ICL, IBM, DEC and Wang; and most PC based WP products.
For further information please call 0233-643809, or write to:
PEMBROKE INTERNATIONAL LTD.,
Hardy House, Somerset Road, Ashford, Kent, TN24 8EW
HELPING CHANGE HAPPEN EASILY

Alan Cane examines Amstrad's mass market ambitions

A remarkable recovery by any standard

MR ALAN SUGAR, founder and chairman of Amstrad, now the UK's largest personal computer manufacturer, permitted himself a wry smile when International Business Machines took its second stab at the home computer market earlier this year.

"A few years ago", he recalled, "when we introduced our first personal computer, there was horror and alarm because we put the power supply in the monitor and provided only three expansion slots. There was no fan in the machine."

"Now, five years later this company called IBM has launched a product it calls the PS/1 with, remarkably enough, a power supply in the monitor, no expansion slots, graphics integrated onto the mother board and a mouse. Has it taken IBM all that time to work out what we identified five years ago?"

Mr Sugar, now virtually free of the financial problems which plagued Amstrad last year, has recovered his accustomed ebullience and is anxious to establish Amstrad's technological credentials in the industry.

He is talking about build quality and cost-cutting, rather than technological leadership – "we have positioned ourselves as the Ford Motor Company of the computer industry.

Cutting-costs is the key to Alan Sugar's business philosophy

We do not pretend to be at the leading edge. We concentrate on the mass market for computers based on the Intel 80286 and 80386SX, offering superb quality at a good price."

Amstrad is second in unit sales only to Olivetti of Italy as a European-owned manufacturer. According to Dataquest it had six per cent of the 6.6m units shipped in Europe in 1989 compared with 6.4 per cent for Olivetti and 15.9 per cent for IBM, the market leader.

Nevertheless, the company's consumer electronics origin, which is still reflected in its games computer range, together with well-publicised technology problems with its professional computers last year have conspired to hurt Amstrad's ambitions to be recognised as a computer maker for serious users.

This month the company is making a new attempt to increase its penetration of the important professional computing marketplace with a new range of computers – the Generation Three – based on 8086, 80286 and 80386SX chips.

The Generation Three models – manufactured under contract by GPT in Kirkcaldy, Scotland, have been built to satisfy Mr Sugar's dictum that the customer is always right – "these machines should be acceptable to professional users because they have been designed to answer their complaints about earlier ranges.

"The cabinets are made of metal rather than plastics for the first time and there are expansion slots and facilities for fitting larger disk drives, tape streamers and so on."

Most of the new technology in the Generation Three computers has gone into the manufacturing process. The number of chips in the system has been shrunk using custom chips designed at Amstrad's Brentwood, Essex headquarters and fabricated by a commercial silicon factory.

Surface mounting, an advanced and cost-effective way of fixing chips to printed circuit boards, has been used now that fully automated surface mount machinery is available.

Cutting-costs is the key to Mr Sugar's philosophy: "If anybody is going to go down in history as bringing computers to the masses in Europe, it has got to be us," he says.

"We were the ones that made the price-breakthrough. We brought the computer down to the price that made it affordable. Price is a great motivator. When you bring the price down, you expand the market".

"Twenty-five years ago a colour television cost £500 and an Austin Mini cost the same. Today, a colour television costs £200 and the mini costs £11,000. There will be a continual slide in prices in electronics."

He avoids market niches outside his self-defined criterion of computing for the masses. He has no plans as yet to build machines using the latest and most powerful Intel chip, the 80486 which he sees as the engine for computer-aided design systems and scientific workstations.

He has no plans to move into machines complying to IBM's microchannel architecture(MCA) design. And he has no plans to move into computer software – "we have to be realistic. We are experts in hardware manufacture, not software".

But if the Generation Three computers encapsulate what Mr Sugar and his design team believe professional users are looking for in a personal machine, they by no means represent his personal view of the machines of the future.

These, he says, will take advantage of the semiconductor industry's facility to shrink more and more components down onto single chips of silicon and to compress more functions onto a single printed circuit board.

"We think now that with the level of integration we can achieve on the chips, the footprint (space taken up by the computer on the desktop) no longer has to be the traditional size.

"Neither do you have to provide eight slots for expansion cards because those cards were floppy disk controllers, network managers or graphics packages. All of that can now be condensed onto the main printed circuit board."

"The computers we are working on now and which will evolve next year will be very small and have no more than two expansion slots".

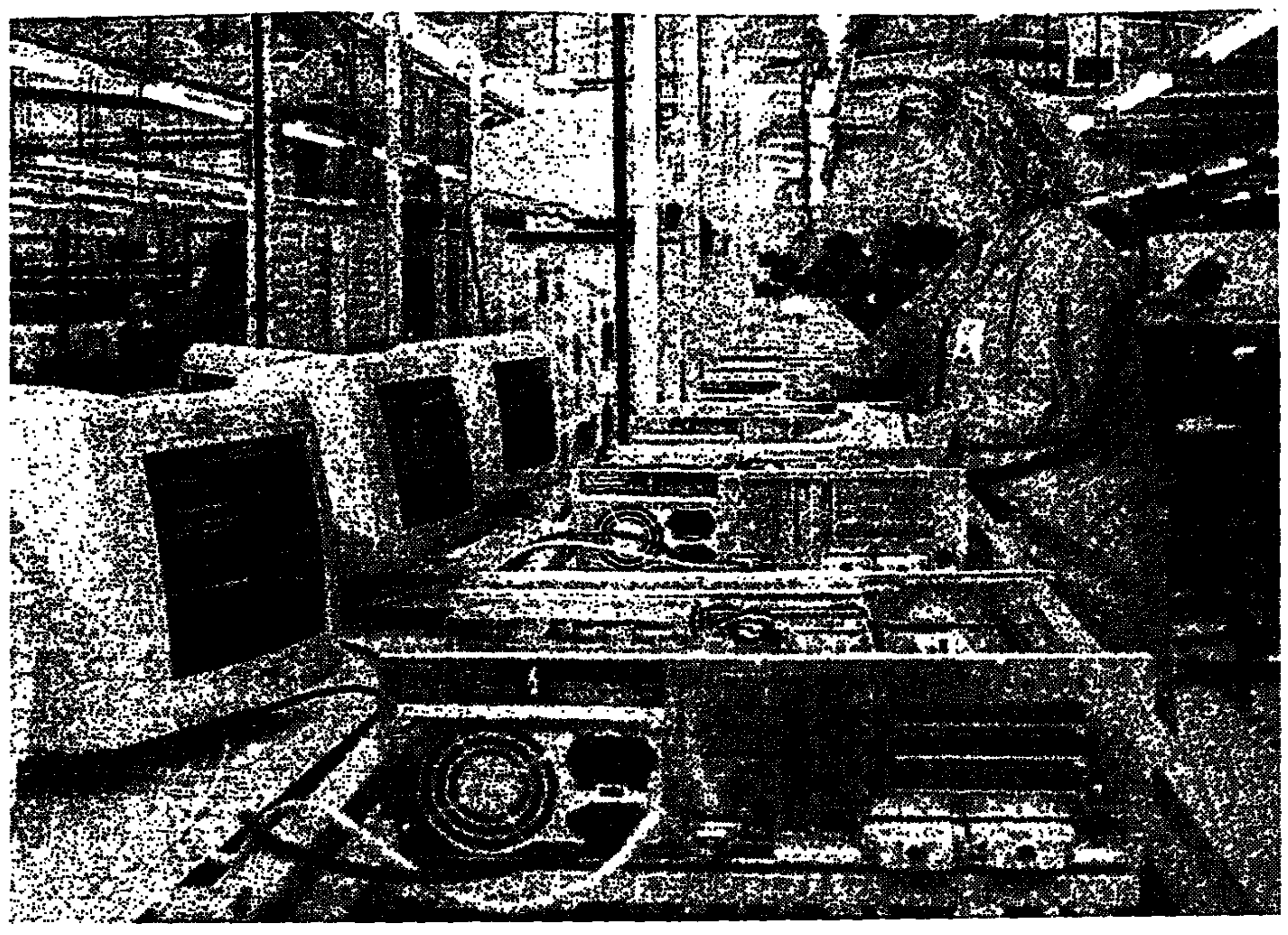
The margins in personal computers are tight, but Mr Sugar points out that Amstrad has always worked in electronics sectors with tight margins – "it is the IBMs and others who have the problem. They have to work out how to become mass producers".

Alan Sugar:"Price is a great motivator."

Amstrad will publish its financial results for 1989-90 next month and analysts are expecting pretax profits of about £45m, well down on previous years but a dramatic turnaround from this time last year when Amstrad had an inventory valued at £350m and bank debt of £150m. Now inventory levels are manageable, there is no bank debt and the company has a positive cash position.

A remarkable recovery by any standards, but Mr Sugar is already looking to his new computer ranges to complete the turnaround. Personal computers, he believes, should be as common as television or video recorder.

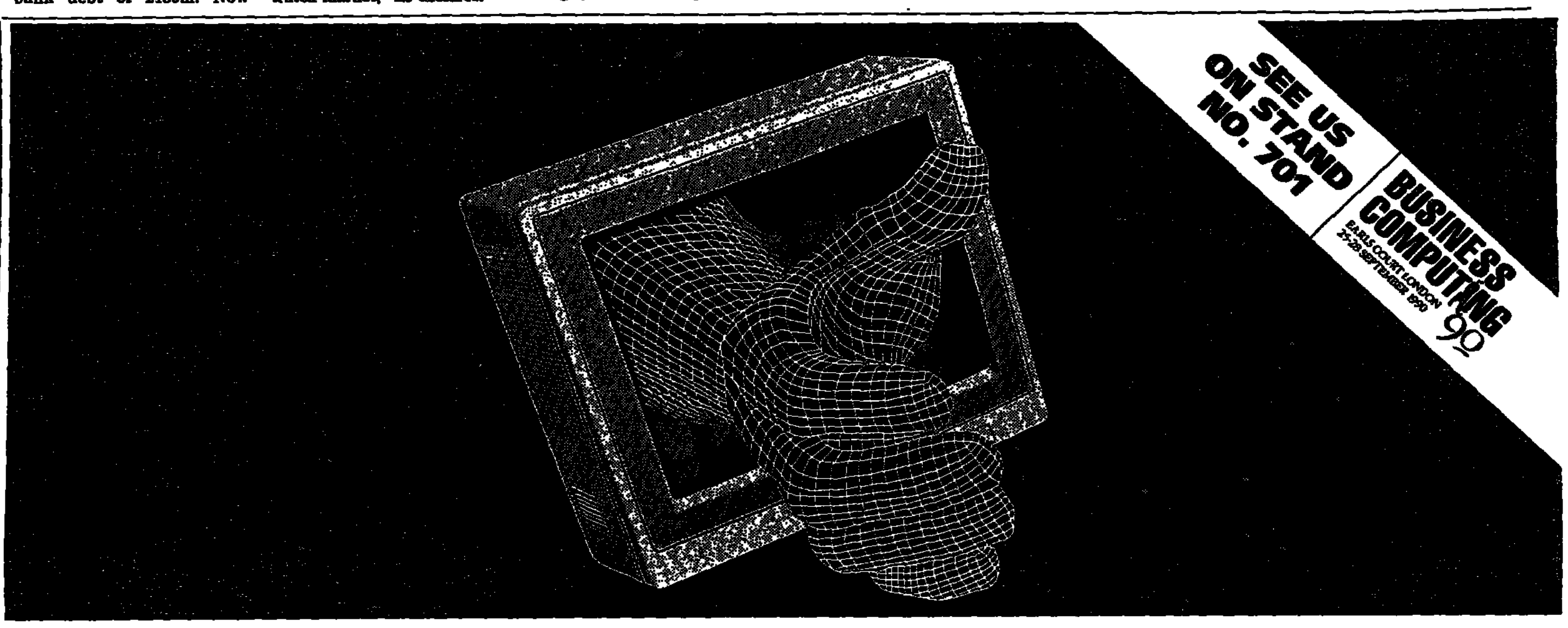
"This is a totally unpenetrated market," he declares.



One of the production lines at Kirkcaldy, Scotland, for Amstrad's new Generation Three computers which Alan Sugar and his design team believe professional-users are looking for in a personal machine.

'THE REGISTRAR'
COMPLETE SYSTEM FROM £400
Company Secretary Software
Annual Returns (A363) • AGM Minutes
Directors Minutes • Statutory Books
Forms 288, 287, 224, 225(1), 88(2), 123
Stock Transfers • Resolutions
PRINT YOUR OWN FORMS
The 'Registrar' package will print Annual Return forms, completed with all the up-to-date information.
Other Companies House forms can be printed as required, together with automatically produced Minutes.
COSEC SOFTWARE LIMITED
ROCOCO HOUSE • 281 CITY ROAD • LONDON EC1V 1LA
Telephone 071-250 1234 Fax: 071-253 6664

Business Development Software Management Tools
UNIX-based real-time data capture.
DECISION MAKER PC decision support.
VAX-based financial and manufacturing management system.
SCRIPTA multi lingual PC applications utility.
Consultancy services.
Tel: (0204) 696561
SALES & SERVICE
BDS



Tulip workstations go hand-in-hand with any network.

You may realise that high-speed microcomputer networks save you time and money.

But what you may not realise is how much more economic and powerful a networking system incorporating Tulip workstations is.

With the Tulip ws286, or the Tulip ws386sx, you'll get all the power you need.

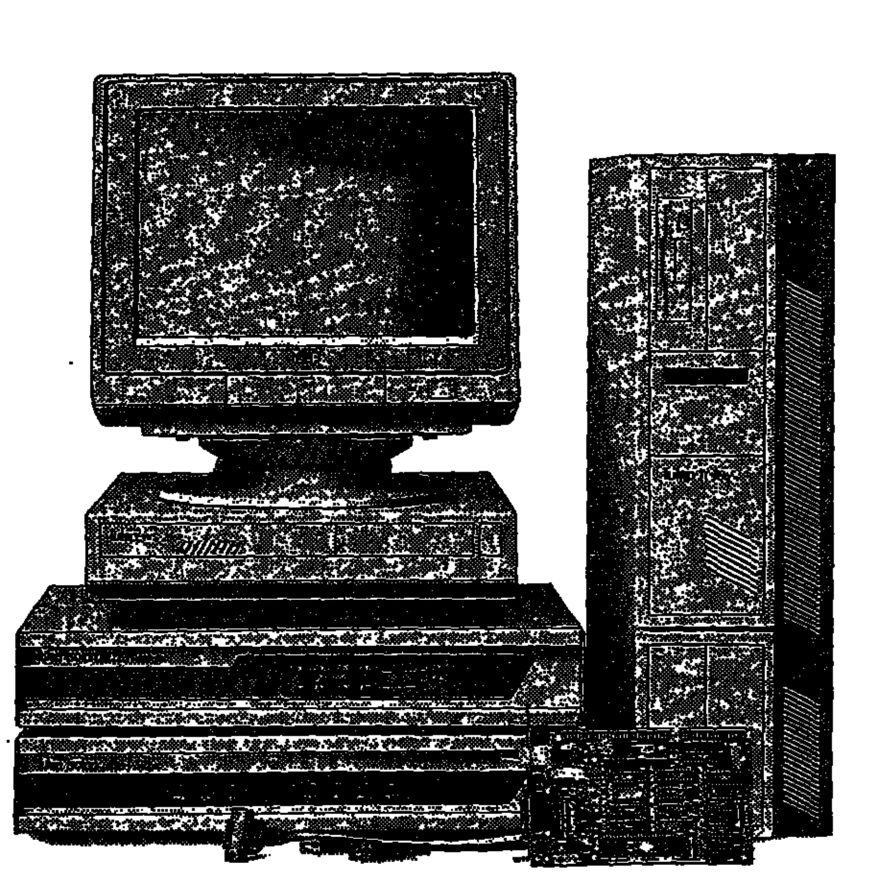
They'll cope easily with routine office work, or more complex applications.

They also include System Password Protection, a Tulip developed security feature.

Tulip's workstations are designed for use on any Ethernet based network, including Tuilp's unique isolan networking solution.

Whether you require an additional workstation for your existing network, or you are considering investing in a total network solution, Tulip Computers can provide the expertise along with high performance products to meet your requirements.

Your Tulip authorised dealer will be pleased to tell you more; simply call us on 0800 521146 or return the coupon, by post or fax.



Name ______ Job Title ______
Company ______
Address ______
______ Post Code ______ Tel: ______
Tulip Computers, Tulip House, Satellite Business Village, Fleming Way, Crawley, West Sussex, RH10 2NE.
Tel: (0293) 562323. Fax: (0293) 553307.
FT/25/9/90

Tulip® computers
The name for European quality.

The success of new products is critical, says Louise Kehoe

Turning point for Apple

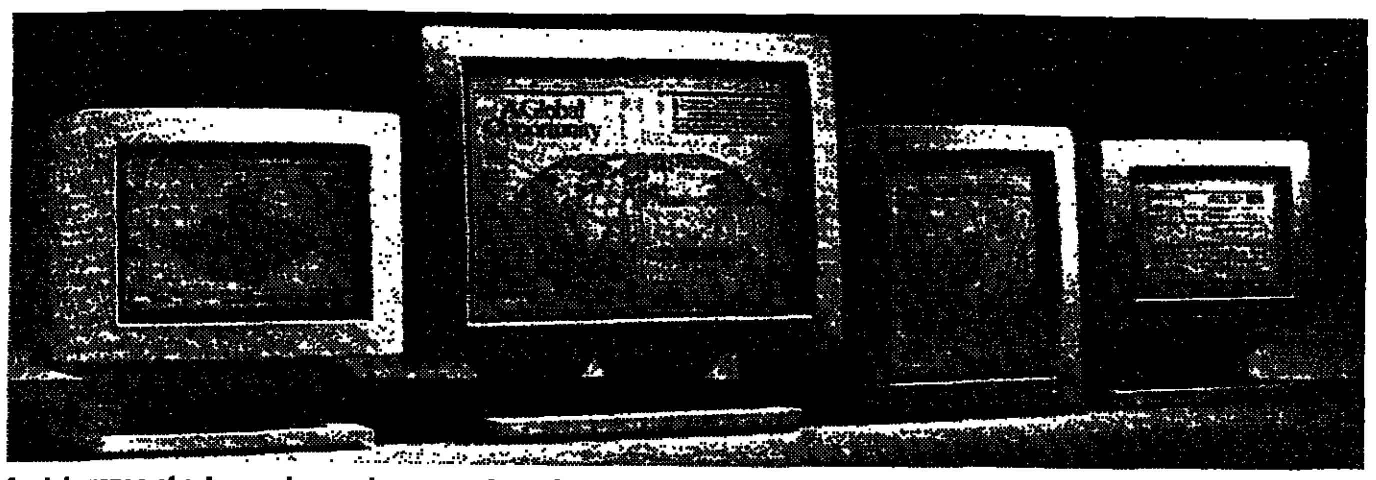
APPLE COMPUTER, the second largest personal computer manufacturer in the world, and the company credited with transforming the hobbyist personal computer into a commercial product, is at a turning point.

Within the next few weeks two events that will shape the future of the company are expected to unfold.

This month Apple is scheduled to introduce a new range of low-priced Macintosh personal computers aimed at home and small business users, schools and colleges.

Apple's new products fill a gaping hole in the company's product line

Also expected soon is a judge's decision in the landmark copyright infringement battle between Apple and Microsoft, the leading personal computer software publisher.



Apple's range of colour and monochrome monitors: the company is scheduled soon to introduce a new range of low-priced Macintosh personal computers aimed at home and small business users, schools and colleges.

The success of Apple's new products is critical. The company suffered an embarrassing flop last year when it launched a "portable" version of the Macintosh that was too bulky and heavy to attract many customers. To regain its reputation for innovative products, Apple must come up with a winner this time.

The new products fill a gaping hole in Apple's product line. Currently, the company cannot compete in the low end of the personal computer market because all of its computers are either too expensive or underpowered compared with similarly priced IBM-compatible personal computers.

Apple's efforts to establish itself in the business market, over the past five years, now appear to have succeeded at the expense of its traditional strongholds in the education and small business segments of the market, which are now growing faster than the large-business market.

While total shipments of personal computers are growing by only about seven percent annually, shipments to the small business and home office segment are growing almost twice as fast, at 16 per cent annually, according to BIS CAP International, a US-based market research company.

Over the past year Apple's market share has been eroding, according to market analysts, from 9.5 per cent of the world personal computer market last year to a projected 8 per cent in 1990. In the US education market, which Apple had dominated, the decline has been dramatic, analysts say.

If Apple is to regain its momentum and to stem the incursions of IBM and others into the education field, it must offer low-cost versions of the Macintosh to replace its original Apple II line of personal computers.

The biggest challenge facing Apple, however, is to demonstrate the value of its products in the wake of the introduction of "Windows 3.0" a Microsoft program that provides IBM-compatible personal computers many of the features of an Apple Macintosh for a fraction of the price.

Windows 3.0 is a "graphical user interface," a program that generates menu bars, icons and overlapping windows on the computer screen allowing the user simply to point at symbols and click an electronic "mouse" to select functions instead of typing arcane commands.

This technology has been at the heart of the success of Apple's Macintosh since its introduction six years ago, helping the company's sales to rise from $1bn in 1983, to $5.3bn in 1989.

Apple has been fiercely protecting its software technology in the courts and has filed suit against Microsoft over the Windows system, charging copyright infringement. Apple is also suing Hewlett-Packard, whose New Wave user interface program incorporates Windows.

Apple claims that Microsoft and HP have infringed upon its visual display copyrights. Microsoft and HP have denied the charges and HP has filed a countersuit asking the court to invalidate Apple's copyrights on the grounds that they do not represent original works.

At issue in the case are two programs – Microsoft's Windows which divides the computer screen into overlapping segments in a way similar to that used by Apple, and Hewlett-Packard's NewWave operating environment, a program that creates a visual desktop on the computer screen. In concept, it is similar to Apple's Macintosh interface.

Apple has charged that Microsoft and HP's attempts to create an alternative graphical user interface have produced images that too closely resemble those of the Macintosh and claimed that the companies are infringing upon its intellectual property rights.

For its part, HP argued that Apple's real concern "is not that some features of NewWave resemble those of the Macintosh, but that NewWave delivers what Apple itself has described as its vision of the future, "a more advanced form of graphical user interface" that represents a competitive challenge to the Macintosh.

With the introduction of Windows 3.0, Apple's "crown jewel," the innovative software that comes built in to the Macintosh machines, has been discounted to a price of just Dollars 150. In the US, the Macintosh sells for about Dollars 1,000 more than a comparable IBM-compatible system.

Over the past year Apple's market share has been eroding, claim analysts

A decision in the Apple V Microsoft and Hewlett-Packard case may come any day. The judge hearing the case recently indicated that he is preparing his decision after close to the years of legal arguments.

The outcome of the case will have a major impact on Apple, whichever way the judge decides. If Apple's claims to the "look and feel" of the Macintosh – the particular arrangement of symbols on the screen and the way computer users interact with the machine – is upheld, then Apple's competitive advantages will be greatly strengthened.

If, however, Apple looses the case, then Macintosh look-alike computers seem certain to proliferate, forcing Apple to compete on the basis of price and whatever other subtle advantages of the Macintosh it can successfully communicate.

Strong sales of Microsoft's Windows 3.0, demonstrate the appeal of graphical user interfaces. Apple executives claim that Windows represents an endorsement of Apple's pioneering technology and that it will expand the potential market for Macintosh.

Selling high-priced Macintosh computers in competition with IBM-compatible computers running Windows may, however, become much harder for Apple now that the company's exclusive claim to "ease of use" through a graphical user interface has been shattered, industry analysts predict.

YESTERDAY

Some of the finest minds in software helped to found Software Publishing Corporation ten years ago.

And what happened next happened fast.

We achieved a ranking in the world's top five suppliers of software and Harvard Graphics became the world's best-selling business graphics package.

Business users discovered they could communicate ideas and data with greater style and impact more successfully than ever before.

Yet all of that was yesterday.

TODAY

HARVARD GRAPHICS 2.3 HAS ARRIVED

For importing and analyzing even the most complex of data, making fast and accurate projections and outstanding presentations, Harvard Graphics 2.3 is quite simply the most flexible, versatile and complete package available today. With Harvard Graphics 2.3 you are closer to a more exciting tomorrow.

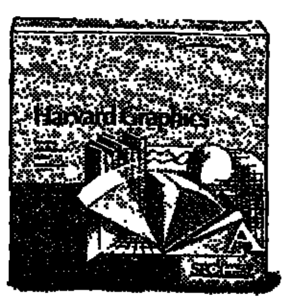
TOMORROW

How well are you prepared for tomorrow? How well equipped? Harvard Graphics 2.3 has galleries of chart styles and colour palettes for instant access to dynamic, multicoloured graphics. Full drawing capabilities and a comprehensive library of maps and symbols are an integrated part of the program.

Direct import from Lotus 1-2-3, Microsoft Excel, and other industry standard packages.

And introducing an industry first – HyperShow. A unique development enabling you to use your PC for powerful, infinitely versatile presentations through the ability to edit or elaborate in mid flow.

To receive your free information pack or details on how to upgrade ring the following number 0800 181819



BECAUSE SO MUCH IS HAPPENING SO FAST.

SPC SOFTWARE PUBLISHING CORPORATION

Software Publishing Corporation Europe, Pyramid House, Easthampstead Road, Bracknell, Berkshire RG12 1YQ.

Powerful PCs with "go anywhere" portability

THE LAPTOP computer in use, above, by an executive on a train, is a small 6lb machine which provides full PC function. The Compaq LTE/285 and LTE machines include such features as in-built 20Mb and 40Mb fixed discs, a 3.5in. diskette (floppy) drive, 80-key keyboard with standard key spacing and optional internal modem – in a notebook-sized system.

Measuring just 8½ins. by 11½ins. by 2½ins., their weight and ability to function on batteries for over 3½ hours of continuos use give them "go anywhere" portability, suited to a wide range of business people. The Compaq systems are priced from £1,495 to £3,250, depending on configuration.

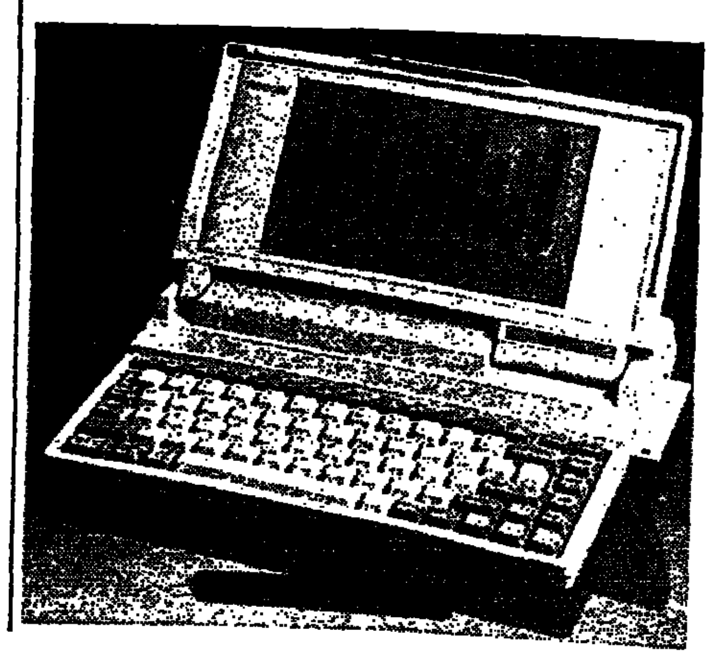
☐ In the area of battery-powered laptops - one of the industry's fastest-growing sectors - Compaq took 65 per cent of sales through US dealers in the first five months of this year, according to analysts at Storeboard. In Europe, where its sales topped $1bn in 1989, Compaq moved ahead of both Apple and Olivetti to become the second-largest supplier of business PCs to European users, according to Dataquest. The company has just opened an office in Berlin to boost its sales in Eastern Europe.

☐ Pictured below is Toshiba's high-specification "notebook-style" portable computer, the T1000SE, which can be operated by battery or mains supply.

It is just a little larger than A4 size, weighs under 6 lbs and has a well-proportioned keyboard. The machine, one of three notebook-style machines from Toshiba, has 1Mb of memory as standard and can be expanded to 3Mb using either a 1Mb or 2Mb credit-card sized memory units (£425 and £825, respectively). The computer also features a high-resolution LCD screen and is based on an 80C86 microprocessor and has an operating speed of 9.54MHz. The machine is priced at £1,295.

Despite tough competition from a growing number of laptop suppliers, Toshiba, which was the European market leader last year with about 36 per cent of shipments, has managed to hold its dominating position with 32.9 per cent of the market for the half 1990.

☐ For a review of the laptop market, see page four: Buyers spoiled for choice.



Companies are now taking computer security far more seriously: in the US, $1.06bn will be spent by businesses this year to make their systems and data more secure. The computer system in use, above, is the IBM PS/2, model 80, with ASCII 3151 *display station*.

COMPUTER SECURITY

The threat from within

It is ironic that one of the first applications of computers in the UK was a government-*sponsored exercise* in "hacking."

The attempts by Alan Turing and his colleagues at Bletchley Park to crack the Enigma Code during the Second World War would be described as exactly *this today*.

The exercise was *supported* by a series of electronic computers called Colossus, generally acknowledged as the first working computer in the world.

But like many "hacking" stories, the Enigma code was cracked with a little inside help. The Polish Secret Service managed to capture an Enigma machine, which was subsequently smuggled to Bletchley *Park to be studied*.

Nearly half a century later, the biggest security threats to computer systems are still computers themselves in criminal or mischievous hands.

Without the enormous and *freely-available power of modern computers*, hacking and so-called "software viruses" could not exist. They have only become public issues in the past decade as a result of the *microchip revolution and the spread of personal computers*.

They are issues that many companies are taking very seriously. According to a Frost & Sullivan report, published in August, US companies are *expected to spend* $1.06bn this year on making their systems and their data more secure. They expect the market to be almost double by 1995.

Previously, computers were only *available to large companies* and institutions. A small, privileged group of experts were the only ones who had access to the system and they were well-paid for their loyalty.

The *worst sort of crime* that occurred in those days was, perhaps, a surreptious look at someone else's salary in the payroll master file.

The issue of security was rarely discussed. But in the last decade, the combination of powerful *personal computers* and the increased use of networking and "off-the-shelf" software, have made computer systems vulnerable.

The types of threat fall into three groups: internal disloyalty, direct intrusions (or hacking) and indirect intrusions (rogue programs or "viruses.")

Disloyal employees who have access to a computer system are the cause of most *financial computer crime* and this is more a management issue than a technical one.

If well-chosen employees are paid well, it is unlikely that they will pose a security threat. Technology can help in a *supportive role*. Software can provide password checking and restrict access to corporate data, but a determined "hacker," with inside knowledge of the system, *is impossible to stop*.

Direct intrusions into systems from outside is much more difficult than is generally believed and many "hacking" incidents which have hit the headlines *have, like the Enigma project, been assisted* by inside knowledge.

Those cases that have not involved inside knowledge are the result of chance or incompetence. The technique shown *in the prophetic film Wargames*, where a computer was programmed to dial telephone numbers at random and attempt to identify a computer-controlled reply, is an example *of chance*.

The notorious Prestel case of the early 1980s, when the Duke of Edinburgh's mail box was "hacked," is an example of incompetence. The engineer in charge *of the Prestel system* left a *crucial* access code on a screen which could be readily accessed by all Prestel users.

The threat of external intrusion can never be totally eliminated – especially as it can be the result of employee disloyalty. *Software technology* and *formal access procedures* – systems that will only allow access after dialling back to a remote terminal on a secure line – have done much to eliminate much of the risk, *however*.

The US Defense Department has devised a specification for secure systems under the heading "Trusted Computer System Evaluation Criteria" or the "Orange Book." *These guides allow systems to be assessed* for their relative level of security.

Classification A1, for example, is the most secure system, C2 is adequate and D is minimal security. *Although the* Orange Book *grades* are mainly used for military systems, they will inevitably spread to civil and commercial systems. The classifications have been applied to the Unix *operating system* – *now mandatory* for most military and government projects. Unix is also enjoying significant success in the commercial market where the security mechanisms *developed for military use are equally applicable*.

The most serious threat to all computer systems, however, are indirect intrusions or rogue programs. The misleading term "virus" does not convey the spectrum *of mischief* which can be caused by badly-behaved software – whether it be contrived or accidental.

Software which deliberately disrupts a system – either by *destroying data* or by tying up resources – can be hard to detect and is, ultimately, impossible to prevent.

As quickly as one "virus" is detected and eliminated, *another one* is devised to create yet more mayhem. A certain sort of person will always find the creation of such programs a challenge and a healthy industry has already grown fr om the sale of protective mechanisms. Frost & Sullivan estimate that this market will be worth $215m *in the US* this year.

Security will become even more important as many companies *follow the so-called* "downsizing" path by moving their applications from large, central mainframes to networks of workstations. These powerful systems will be even more vulnerable than the networks which exist today.

Philip Manchester

Horizons widen for non-technical computer users

New revolution ahead in personal productivity

PERSONAL COMPUTERS have caused a revolution in white-collar productivity by giving non-technical users access to the power of computing.

This has been achieved through a combination of advanced hardware technology and clever software.

Until quite recently many of the benefits of this power were lost because the human-machine interface was not good enough. The trade-off between a simple interface and genuine power *is a tough balancing act* and *software developers* have not been too successful at managing it.

Simple interfaces usually mean limited power. Powerful *functions involve complex* control sequences. The last decade has seen a growing realization that the best way to give computer users access to powerful functions is through the graph*ics-based* user *interface* pioneered at Xerox Palo Alto Research Centre in California and popularized by Apple with its Macintosh computers.

But Xerox's work on human-*machine interfaces did not end* with the windows-icon-mouse pointer interface and there is a good chance that the follow-on research will have as great an *impact in the 1990s* as the ear*lier project* had in the 1980s.

The research falls under the heading of object-oriented design and is embodied in a Xerox-developed system called Smalltalk – a combination of *an operating system, a database* and a *development* environment. Object-oriented design is a relatively new approach to the design and construction of computer systems and sees a the world *as a collection of self-contained*, interacting objects or building blocks which can be brought together to form a complete system. *One advantage of this view is that it* allows proven and tested programs or functions to be re-used in other applications.

Another is that new functions can be *added easily* at every *level of the system*. This opens up a broader spectrum of power to non-technical users and enables them to *create their own extensions to a system* without the need to learn how to program in the traditional way. These are not new ideas, of course. But object-oriented design is the first *attempt* to bring them together and define them formally.

Object-oriented design is a relatively new approach to the design and construction of computer systems

In 1989 a group of manufacturers and software companies – mostly based in the USA – *set up the Object Management Group (OMG) to define* and promote standards for object-oriented design. Its first draft specification was published in June 1990 and it is hoped that detailed specifications for industry-wide, *object-oriented* design standards will begin to appear next year.

Meanwhile, many hardware manufacturers and software developers – most of them *members of OMG – are working quickly to bring* products based on object-oriented design principles to market.

Unsurprisingly, Apple Computer is one of the leaders. Its Hypercard development environment launched in 1987, embodies *many of the principles* of object-oriented design and has had enormous influence on other personal computer software products.

In April 1990, *Microsoft's* launch of Windows 3 graphics-based interface was accompanied by a product called Toolbook, which brings many of the advantages of the object-oriented approach to the MS/DOS-based personal computer *market. Hypercard* and Toolbook *are aimed at individual* users and are not suitable for building complex, multi-user commercial software. But Hewlett Packard's New Wave package, which works with *Microsoft's Windows 3, points* strongly in this direction – as does Xerox's Smalltalk.

Other computer manufacturers known to be keenly interested in object-oriented design include DEC, which joined the OMG early in 1990, Prime, Data General, Sun Microsystems, Olivetti, Bull, Philips, Fujitsu, ICL, NEC and Matsushita.

Although IBM was participated in the production of the draft OMG standard, it has, so far, stood on the sidelines and not joined the group. It is, however, committed internally to object-oriented design. *Some major software developers* have also made a strong commitment.

In addition to Microsoft, which has done much to promote object-oriented design *with its Windows 3 environment, other leading software developers*, including Borland International, Aldus, Unify, Novell, Micro Focus and Gold Hill are also know to be working on products.

Object-oriented design also opens opportunities for new companies and a wave of small software companies has grown out of the Xerox *PARC* culture *in the last few years*.

Parcplace Systems, which has brought Smalltalk to market, Objectivity, Object Design and Ontologic *are all companies that could* benefit from the spread of object-oriented technology.

This will take some time and it will probably be the mid-1990s *before these benefits filter through to end-users*. But it is end-users who will be the greatest benficiaries of object-oriented design in the long term. *Fortunately, it will be a gradual process - a continuation* of the fine work which has already been done by the industry to make computers more accessible to non-technical users.

One of the other advantages of object-oriented design is that it does not require a revolution to work. The technology can be introduced alongside existing technologies and can be used *to "re-engineer" older systems*.

Most important of all, object-oriented systems promise to make the power of programming available to virtually everyone without the need to cope with *its traditional* complexities.

This will make the revolution in personal productivity of the 1980s look trivial by comparison.

Philip Manchester

Extracted from Talking Straight by Lee Iacocca published by Bantam Books 1988

"GREAT I TELL THEM, BUT WHAT DOES THAT DO FOR THE COMPANY?"

Lee Iacocca
President, Chrysler Corporation

- Over 200 major exhibitors.
- London's biggest *and brightest computer* show.
- See *the latest* products from the biggest names in the industry including Hewlett Packard, Apple, Amstrad, Microsoft, IBM and many, many more.
- Major new product launches.
- Free solutions consultancy *and* IT *advice from independent professional* institutes and associations.
- Free walk-in *seminars* on the most relevant IT subjects.

Don't miss the most exciting computer exhibition of the year. Just take this coupon with you to the show and you'll be entitled to admission absolutely free.

BUSINESS SOLUTIONS AT
BUSINESS COMPUTING 90
EARLS COURT LONDON
25-28 SEPTEMBER 1990
OPENING TIMES
25-28 September 1990
Tuesday – Thursday 10.00-18.00
Friday 10.00-17.00.

COMPLIMENTARY ADMISSION EXCHANGE THIS COUPON FOR A TICKET AT THE SHOW.

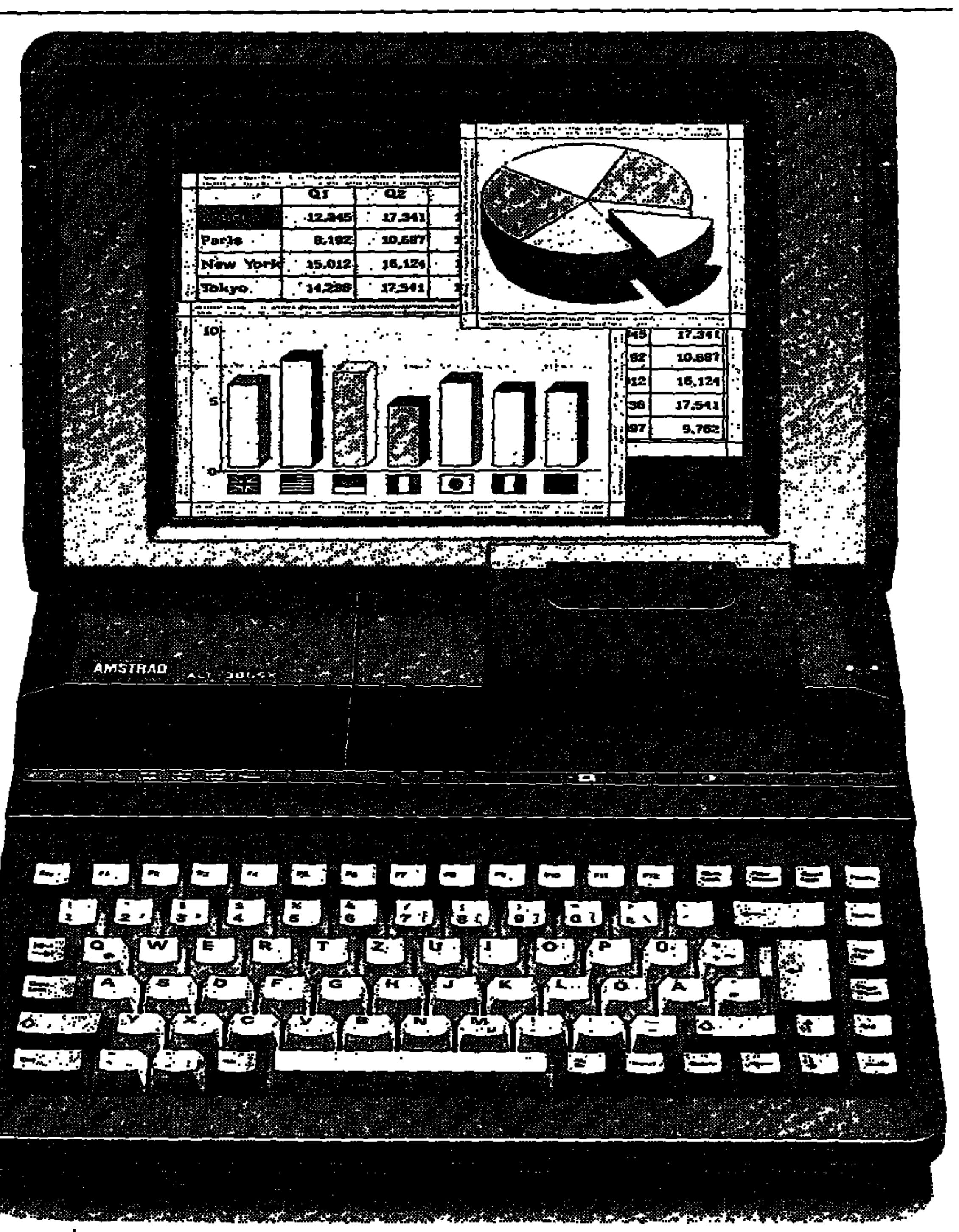
ADMIT ONE

This voucher is only valid for business and trade visitors over the age of 18.

FT2

Organisers: Montbuild Ltd, 11 Manchester Square, London W1M 5AB.

DON'T JUST TAKE OUR WORD FOR IT.



"Amstrad's sleek portables, way ahead of the competition." (COMPUTER SHOPPER MAGAZINE)

When it comes to computers, there are usually as many opinions as there are computer magazines.

"The ALT-386SX is an excellent machine and deserves to shake up the competition." (PC PLUS MAGAZINE)

But on the subject of Amstrad's new ALT-386SX Laptop, the experts are united.

They all love it.

Which is only fair when you consider what we've put into it.

"The screen and keyboard, vital to the acceptance of any portable are superb." (COMPUTER WEEKLY MAGAZINE)

Superb quality backlit VGA LCD display with 32 shades of grey. A powerful Intel 386SX™ processor, running at 16Mhz. Fast access 40 Mb hard disk and 3½" 1.44 Mb floppy drive. And there's a full 1 Mb of RAM.

We've included a removable rechargeable battery and built-in battery charger. Plus auto-switching power supply, which adapts instantly to the local mains supply, wherever you are in the world.

"The price is right." (PC USER MAGAZINE)

In addition, the keyboard can be fully international. With all the major European language letters and symbols supplied on interchangeable keycaps.

AMSTRAD

Alternatively, you may prefer our other laptop, the ALT-286. It has a powerful 80286 processor, and a 20 Mb hard disk.

The ALT-286 costs just £1599 + VAT (R.R.P), while the ALT-386SX is £1999 + VAT. (R.R.P)

No wonder PC User magazine urged its readers to *"Buy it."*

We couldn't have put it better ourselves.

THE AMSTRAD LAPTOPS.

Please send me details about the Amstrad Laptops.

Name

Address

Postcode

Send to: Amstrad plc, PO Box 462, Brentwood, Essex CM14 4EF. Tel: (0277) 4503S2.

R.R.P's correct at 1-9-90 subject to change without notice. *VAT at 15% to be added. All software subject to licence. Product subject and availability. The names and logos Amstrad are registered and the name Amstrad ALT-286 and ALT-386 are trade marks of Amstrad plc. © September 1990 Amstrad plc.

TM 386SX is a trademark of Intel Corp. All rights reserved.

Local area networks offer big advantages, says **Della Bradshaw**

Cost is the determining factor

THE ATTRACTION of colour graphics or jolly icons on the screen of a standalone business PC can soon wear thin when it becomes clear that the machine cannot swap files or communicate with other machines in the building.

During the 1980s the problem of how to move information from one PC to another, or from the PC to the corporate mainframe or the printer, fuelled the sales of local area network (Lan) products to connect machines together.

Figures for the growth of PC networks are impressive. The Market Intelligence Research Company, of Mountain View, California, reports that worldwide revenues for PC Lan products grew at a compound annual rate of 46.3 per cent between 1985 and 1988, and predicts that by 1995 the growth rate will still be 13 per cent.

Much of today's growth has been brought about by the introduction of systems which can use the ordinary twisted pair telephone wiring, already installed in every building, says Rick Matsumoto, a consultant for MIRC.

"Most people recognise the benefits of implementing Lans," says Matsumoto. "But the determining factor has been the cost."

Although demand for PC Lans is still strong, the rationale for their implementation is changing.

During the 1980s the introduction of Lans was largely to connect PC users within one department, such as the marketing or the sales offices. The decision over when and how to install the PC network, and which technology and supplier to opt for, was largely left to the departmental head.

As networks first came into use in the mid-1980s, they were usually proprietary products, developed by numerous small companies.

Today's manufacturers and users, by comparison have standardised on two technologies for local networking: token ring, supported by IBM and its followers and Ethernet, supported by Digital Equipment and others.

As a result, many companies today find they have a number of networks in place – the sales department, say, using Ethernet, the accounts department a token ring network and personnel may have bought a proprietary network out of their departmental budget.

Two trends are emerging in the PC Lan marketplace as a result of this. The first is towards inter-networking, where various local networks are linked together, and the second is a management move towards what is often described as "enterprise networking" – where decisions on network implementation are taken for the organisation as a whole.

Whereas departmental networking meant the department's manager was king, enterprise networking transfers the onus of selecting and implementing a network back onto the shoulders of the data processing or information technology manager.

This shift from looking from the departmental PC upwards to looking from the managing director's office downwards brings a host of complications with it.

Two trends are emerging in the marketplace for local area networks for PCs: the first is towards inter-networking, where various local networks are linked together, and the second is a management move towards what is often described as "enterprise networking."

For example, whereas users on a departmental network generally have access to most of the files within their department, with a network controlled centrally careful decisions have to be made about who can access which data – a particular problem if some of the PC users on the network are overseas.

One of the biggest problems to be addressed is the development of a common numbering scheme – similar to the internal numbering scheme on an office phone system – to enable any user to sign on at any PC connected to network – whatever country they are in.

If a network in one country is based on say Novell software, while that in another is based on Microsoft's, there are clear technical problems in doing this.

Many believe the only solution is the adoption by all manufacturers of an internationally approved standard to which directories are written, called X.500.

Most of the large Lan manufacturers, such as Novell, 3Com, Microsoft and IBM, all of the US, have recognised the problems inherent in enterpise networking and are are developing systems to take these issues into account.

While Lan manufacturers are trying to solve the problems inherent in departmental networks, the software vendors are now looking at ways of ensuring that the scale involved in enterprise network implementation does not stifle the individual workgroups that grew up under departmental computing.

The answer, they believe, is groupware.

At the heart of the groupware concept is the old business school idea that most productive work is done by small groups of people co-operating on a single job, rather than by people working alone and contributing to some huge plan of which they only see a small segment.

Groupware is software designed to do that for the networked PC user. It enables networks to be set up so that each person working on one task has access to all the data files of other members of his or her group – whether they usually sit at the next desk or at the other side of the Atlantic.

Meanwhile, the would-be PC Lan user still has a host of other issues to worry about. Although many companies are turning to networked PCs because they giver a degree of power to the individual user – and so make their staff more productive – they can also cause security problems.

Because data is stored locally, company employees can easily copy a disk or print out confidential information as they move off to their new job in a rival company. The PC network becomes the weak link in the company's security system. Fears about computer hackers and viruses also abound.

As well as security, another key management issue is how to ensure the network is being used most efficiently.

When PCs were stand-alone machines, each user had to keep records or files of information which were duplicated across all the PCs in the office.

With networking, that data need only be held in one place.

Figures for the growth of PC networks are impressive, particularly the the financial sector.

Amid rapid hardware changes, demands for PC programs become ever more complex

Software developers fast heavy pressures

THE DOWNFALL of database software developer Ashton-Tate shows the pressures which face companies in the personal computer software market in the 1990s.

Unlike mainframe and mini-computer software builders, companies which operate in the mass market are subject to the whims of fashion and a rapidly-moving technology.

Ashton-Tate pioneered the idea of database software on personal computers and, by the mid-1980s, was one of the hottest companies in the world software business.

Various versions of its dBase database package were bought by more than 2.5m users and about 10,000 applications packages have been developed with dBase as their core.

But in the late 1980s, Ashton-Tate found itself under pressure from a plethora of companies determined to wrest its crown as the dominant supplier in the personal computer database market.

At the same time its vast user-base wanted improvements to the existing product to take account of new hardware technology and operating system improvements. Ashton-Tate's answer was announced in 1988 for delivery in Spring 1989.

It was called dBase IV and it was the first major upgrade since 1985's launch of dBase III Plus.

In addition to a host of new functions and features for users, the new product would be able to take advantage of the new breed of faster microprocessor technology. The new version aimed to bring the product up to date and carry Ashton-Tate securely into the 1990s.

But dBase IV did not arrive until late in 1989 and, even then, it was beset by 'bugs.' Ashton-Tate's financial performance suffered as its market-share dwindled.

In 1988 the company made a net profit of \$47.80m on gross revenues of \$307.30m. Ashton-Tate changed its year-end to December in 1989, giving it an 11-month financial year in which revenues fell back to \$267.30m with losses of \$31.6m.

Market researcher Romtec estimates that dBase IV held about 39 per cent of the UK market in monthly unit sales in May 1988. By May 1990, when the company's chief executive officer, Ed Esber resigned, dBase IV's share had sunk to 13 per cent, pushing the product into second place behind Dataease.

It is too early to say whether Ashton-Tate will recover. It released dBase IV version 1.1 in August and the product is, at least free of major bugs.

While Ashton-Tate has wrestled with problems of dBase IV the database market has moved on and it will need to do more than get dBase IV working to restore market confidence in its products.

Although an extreme example in commercial terms, Ashton-Tate's story is by no means unique. The demands of users and constantly improving hardware technology put pressure on all personal computer softare developers.

Lotus had problems delivering Release 3 of its 1-2-3 spreadsheet and Microsoft was two year's late delivering the first version of its Windows graphics environment.

Despite a dent in its image, Lotus managed to survive its problems with 1-2-3 because the product worked well when it arrived.

In Microsoft's case, PC users did not see graphics user interfaces as a priority in the mid-1980s, so the delayed delivery of Windows only affected a small group. Microsoft also learned the wisdom of not announcing products too early when it came to Windows 3 – despite wide knowledge of the product in the industry months before it arrived.

The important thing was that Windows 3 was a stable and robust piece of software when it was delivered to users. Users, it appears, will tolerate delays, but not bad workmanship.

David Intersimone, a director of rival database supplier Borland International, says these are two important issues confronting software developers in the 1990s: "Software is becoming much more complex because customer's requirements keep growing.

"And the hardware and operating systems platform is changing and difficult to keep up with," he observes.

He acknowledges that delays in software development are inevitable in such a pressurised market and believes tha answer is to make software more flexible in the first place - so that programmers and users can add their own extensions.

"The challenge is to harness complexity and to make it easier for everyone to be a good programmer," he says.

Marcus Bolton, managing director of the UK software developer, System C, sees the problem as inherent in the traditional method of building software in large organizations.

"We have been down this route oursleves. Our original package was built by one person. When we came to build the second version, we put a team together and it was a disaster. You cannot replace one bright individual with a team of adequate ones," he explains.

Unpredictable delays in program development cause havoc for software suppliers says PHILIP MANCHESTER

"We went back to core development with just one individual – supported by someone to prepare the documentation," Mr Bolton adds. He advocates use of similar techniques to those recommended by Mr Intersimone of Borland: build libraries of re-usable components which are tried and tested.

He notes that Apple and Hewlett Packard are well down this route with their software and much of the efforts of supporters of the object-oriented design approach (including Mr Intersimone) are aimed in this direction.

Delays in software development are certainly not a new phenomenon. There is an old mainframe programmer's saying that all programs are 90 per cent complete for 90 per cent of their development schedule – which may go some way to explaining why imprudent marketing departments announce software before it is truly ready.

Programmers are by nature optimistic souls and always believe that their programs will quickly work well. But the more mature personal computer software companies have, however, learnt from Ashton-Tate's bitter experience and they wait until they have completed rigorous quality-testing before they let the world get their hands on the product.

FINANCIAL TIMES
1990 RELATED SURVEYS

Computer Industry	April 20
Desktop Publishing	September 4
Office Systems & Technology	October 5
Using Computers	October
Computers in Finance	November
Computer Networking	November

FOR ADVERTISING INFORMATION CONTACT MEYRICK SIMMONDS
071-873-4540
FOR EDITORIAL INFORMATION CONTACT DAVID DODWELL
071-873-4090

NCR's new PC486/MC33.
Its effects can be felt throughout the business world.

NCR's PC 486/MC 33,▼ incorporating the latest i486 processor, is the most powerful PC in the world. Together with the Entry Level 486 and 25MHz machines, NCR deliver the widest span of 486* performance available.

Our belief that a PC shouldn't begin and end with the chip has revolutionised conventional microcomputer architecture. And the benefit? Unrivalled performance.

NCR's new Parallel Bus Architecture features two fast lanes for the computer to read from, and write to, memory simultaneously. This allows several co-processors plus the CPU to run at virtually zero-wait states: any amount of information thunders through to multiple applications.

With this advanced technology, NCR promise to carry on shaking the computing world to its foundations.

And in line with our philosophy of Open, Cooperative Computing, NCR's Intel-based* systems conform with industry standards and include operating support for NCR's new Unix† V4, SCO Unix, OS/2 and DOS. Which means with our PC 486/MC 33 tomorrow's advances will never knock you off your feet.

For more information, call 071-724 4050 or cut the completed coupon.

Send to: The Information Centre, NCR, 206 Marylebone Road, London NW1 6LY.
Please send more information on NCR's new PC 486/MC 33 immediately.
Name
Position
Company
Address
Postcode Tel.
FT25/9

▼NCR PC 486/MC33 and NCR are trademarks of NCR Corporation. *Intel and 486 are trademarks of Intel Corporation. †UNIX is a trademark of AT&T Bell Laboratories.

NCR

Open, Cooperative Computing.
The Strategy For Managing Change.

هكذا من الأصل